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BRAZIL FACES A COFFEE CRISIS (page 2)

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cover Millions of bags of Brazilian coffee beans like these won't go to market this year, because world supplies have outstripped the demand. This situation has Brazilians worried, because coffee has become their big dollar-earner. To discover what a coffee surplus means to the country and what it is planning to do about it, see the article on page two.

—Photo by Theodor Preising.

CANADA

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Brazil Faces a Coffee Crisis

Large coffee crop in Brazil, plus big ones in other countries, has pushed down coffee prices. This has led to shrinking foreign-exchange income and depleted reserves. What is being done about the problem?

C. E. BUTTERWORTH,
Consul and Trade Commissioner, São Paulo.

THE coffee harvest in Brazil is almost completed—and it is the best and largest in 22 years. But instead of rejoicing, there is only concern because world production has overtaken world consumption with a vengeance. Moreover, the Brazilian share of the world market is growing smaller. In the prewar years, Brazil produced over 70 per cent of the world's coffee; in 1957, only 48 per cent. Meanwhile, Africa's share has risen from 12 to 20 per cent.

Brazil's exportable crop this year is estimated at 26 million bags. During the last coffee year (July 1, 1957-June 30, 1958) exports reached only 13.6 million bags compared with 14.9 million the year before. The carryover into this crop year totals 14.9 million bags and this, added to the current harvest, could take care of Brazilian exports for three years, based on last year's performance.

The facts and figures on the situation are set out in the table below:

BRAZIL'S COFFEE PRODUCTION

	*1956-1957	1957-1958	1958-1959	1959-1960 estimate
Carryover (as of July 1)	10.5	7.3	14.9	25.9
Production (for export)	11.7	21.2	26.0	25.4
Total available for export	22.2	28.5	40.9	51.3
Exports	14.9	13.6	15.0 (est.)	18.0
Carryover (as of June 30)	7.3	14.9	25.9 (est.)	33.3

*The Brazilian coffee year begins July 1 and ends June 30.

The estimates in the last two columns above are naturally rough calculations and any number of factors—such as frost, government policy, etc.—could change them radically.

World Production Rising

Coffee production in other countries has also increased this year. The first estimate of the 1958/59 world coffee crop gives an exportable production of 50 million bags, according to the U.S. Department of Agriculture; this is 6.7 million bags (or 15.5 per cent) higher than the 43.3 million bag estimate for 1957/58. South America's 1958/59 exportable production is estimated at 33.7 million bags, or 6.4 million bags higher than the 27.3 million bag estimate for 1957/58. Brazil's exportable crop is expected to be almost five million bags greater and Colombia's production may reach 6.5 million. African coffee production also is expected to increase substantially to an all-time high of 9.2 million bags.

Furthermore, the World Bank predicts that there will be a continuing and serious coffee surplus for the next five to ten years.

Surplus Depresses Prices

The sales outlook is clouded by the unfortunate fact that the demand for coffee is relatively inelastic; a reduction in the retail price of a pound of coffee to the housewife does not seem to affect total consumption appreciably. The United States buys almost 60 per cent of total world exports and it is estimated that American consumption in 1958 will increase only by about 400 to 500 thousand bags over 1957. World consumption is expected to rise by approximately 600 to 700 thousand bags, giving a total demand of about 38 million bags of coffee for the present crop of 50 million.

In view of these growing surpluses, spot prices in New York for Santos 4s have naturally been dropping. The high of 84 cents per pound in 1954 fell to 60½ in January 1957 and to 55 cents in July 1957. By January 1958 it was 53 cents and in September 1958 only 43 cents. Current retail coffee prices in the United States are at the lowest level in eight years.

Sell or Hold Back?

The growing coffee surpluses and the falling prices mean that Brazil faces a serious crisis. Coffee still provides more than 60 per cent of its foreign exchange earnings. Now, with exchange income down and the reserves at an all-time low, the country is finding it more and more difficult to maintain essential imports and carry on with the five-year development plan. It must decide whether to persevere with the present policy of trying to maintain prices by withholding stocks, or to sell at the best price obtainable.

This is how coffee circles in São Paulo see the problem: how to maintain prices with a supply of 50 million bags of coffee but with a demand for only 38 million. The argument of "selling at any price" is largely dismissed here by pointing out that, given an inelastic world demand, a decrease in price would only diminish total revenue, because sales would not increase substantially.

Latin Americans Reach Agreement

During the past year, discussions among the coffee-producing nations that went on for some time resulted in the Mexican Agreement (which expired on September 30, 1958), the International Coffee Conference, the International Coffee Organization, and more recently, the International Coffee Study Group which has held meetings in Paris and in Washington. The latter seemed to hold out the greatest hope for Brazilian coffee because the United States for the first time took a leading part and Ethiopia, Britain, France,

62127-6—2

Belgium, Portugal and the Netherlands were also represented. However, the effort to include the African and European countries in a coffee agreement to stabilize prices by trying to keep world production and consumption in better balance did not succeed. But late in September 1958, the 15 Latin American coffee-growing countries signed a pact and bound themselves to withhold from the market about 12 million bags, the current over-supply. Brazil will keep back 40 per cent of its exportable production, Colombia 15 per cent, and the other producing countries 5 per cent up to and including the first 300 thousand bags, and then 10 per cent. The new agreement will run for one year, beginning October first.

Immediate Future Clouded

This agreement to cut coffee shipments leaves Brazil with a number of problems and the realization that the immediate future for coffee is not bright, taking world over-production into account. The free market rate for the cruzeiro has gone down more than 100 per cent since September 1957, when US$1.00 equalled Cr.$70.00. This past September the rate was only US$1.00 equals Cr.$161.00. The agio (or premium) for U.S. dollars paid by importers for goods classified in the General Category has risen from Cr.$70.42 in September 1957 to Cr.$185.62 in September 1958. The amount of U.S. dollars available to importers was recently cut by 20 per cent. Inflation continues, there is a large deficit in the federal budget, and the latest information on the foreign exchange position suggests that the gap in the Hague Club currencies and in dollars used in international payments in 1958 will reach about $300 million.

The new Finance Minister has recently put the situation before the nation in realistic terms and has coined the slogan "Export or Stagnate". Whatever promise the future may hold for this country with its vast potential wealth, the immediate future may prove difficult.

How's Business in the Netherlands?

Austerity measures introduced early in 1957 and intensified early in '58 were designed to cut spending and improve the balance of trade. Have they brought results? Was Canada's share of this market affected and in what way?

B. HORTH,
Assistant Commercial Secretary, The Hague.

THE Netherlands' trade improved sharply in the first half of this year, as the Central Economic Plan for 1958 had predicted. The volume of exports went up 7 per cent at a time when total West European exports declined 1 per cent. In value, however, they rose by only 4 per cent over the corresponding period of 1957. The value of imports, on the other hand, dropped a full 17 per cent, largely because the prices of imported raw materials and semi-manufactures decreased by nearly 10 per cent.

The net result of these shifts was to reduce the trade deficit for the first six months of 1958 by nearly 66 per cent, to fl.900 million. Exports covered 86.5 per cent of imports—the best first half-year record since 1953.

Restrictions designed to curb spending introduced by the Government early in 1957 and intensified in the 1958 budget proposals had much to do with this improved balance of trade. Import restrictions were not tightened. The austerity program has now been somewhat relaxed. On May 20, for example, tax concessions on new investment were re-introduced to remedy the stagnation that seemed to have developed in several investment fields.

Trade Developments Reviewed

Investment goods and consumer durables, such as new automobiles, suffered most from the cutback in imports; clothing and fabrics were also considerably affected. Among the industrial raw materials, semi-manufactures and fuels—a group that makes up one-half of total Dutch imports—purchases of lumber, textile raw materials and yarns, tin ore (from Indonesia), iron and steel, and coal declined noticeably. The chief exception was petroleum products; imports of these rose steeply. Imports of agricultural raw materials and foodstuffs remained close to the level of the first half of 1957, even though grain purchases mounted.

On the export side, the improvement resulted mainly from larger shipments of industrial products. These were up 9 per cent over-all and 30 per cent for iron and steel products. About the only goods in this cate-

gory with smaller sales were cotton fabrics, hitherto an important export to Indonesia. Sales to that country continued to decline in importance and represented only 1 per cent of first half-year exports.

The total value of Dutch trade was 8 per cent lower than for the first half of 1957, but the direction of this commerce shifted only moderately. West Germany replaced Belgium/Luxembourg as Holland's leading trade partner, supplying 19.5 per cent of first-half imports and increasing to 18.4 per cent her share of total Dutch exports. It is interesting to note that the Netherlands' five Common Market partners took 41 per cent of her total exports and supplied 41 per cent of her total imports. Western Europe as a whole supplied 55 per cent of Dutch imports and took 68 per cent of exports.

Short-Term Outlook

What is the trade outlook for the rest of this year? Based on the level of imports achieved in the second quarter and taking seasonal factors into account, the Dutch authorities calculate that total imports will be 10 per cent lower. However, the decline in imports which began in the second quarter of 1957 apparently was arrested in the second quarter of this year; in fact, imports of some industrial end products, such as textiles, rose moderately. As for exports, expectations are that for the entire year they will be between 5 and 6 per cent higher than in 1957.

Altogether, the Dutch economy over the past few months has shown considerable strength. The number of unemployed at the end of July was 77,000, a greater improvement over the situation at the beginning of the year than seasonal factors alone warrant. The Central Economic Plan for 1958 estimated that average unemployment throughout the year would approximate 110 thousand, about 3.3 per cent of the total labour force. A number of the registered unemployed are working on special government labour projects on which more than fl.87 million are being spent this year. The index of industrial production reached 130 in June compared with 125 in June 1957.

Canadian Position Strong

Although there has been a considerable decline in purchases from the entire dollar area—especially of raw materials such as feedingstuffs, oilseeds, vegetable oils, iron and steel—Canadian exports have held up surprisingly well. Imports from the United States in the first half fell by about fl.470 million but purchases from Canada declined less than fl.3 million. Imports of Canadian wheat, barley, apples, hides, iron ore, organic chemicals and plastic materials went up sharply in the first half of this year compared with the similar period of 1957. Imports of base metals (such as aluminum and nickel), pulp and paper, oilseeds and synthetic rubber all declined. ●

Australia Seeks Investors

THE Australian Government is intensifying its campaign to attract more overseas private capital investment. The Prime Minister announced recently that the Government is reviewing and, where necessary, improving the facilities and information provided through its overseas agencies and is trying to ensure that these are kept up-to-date with changing needs. Foreign private capital has greatly assisted Australia's postwar development; since June 1949 it has reached an estimated A£700 million. About A£300 million of this has arrived in the last three financial years.

The view is widely held here that few other countries offer the same attractions as Australia—in particular, a rapidly growing domestic demand and proximity to the fast-growing markets of South East Asia. It also has a competitive enterprise economy, political stability, freely-available materials and labor, cheap steel, relatively stable prices, and tariff protection for efficient industries.

Much of the recent investment has brought with it the technical and business skills of some of the major companies in the United Kingdom, North America and Europe. Since the war, some 400 British companies alone have extended their operations to Australia, either directly or in association with Australian organizations. British companies have introduced more than 1,500 new products to the Australian market, ranging from heavy earthmoving equipment and motor vehicles to biscuits and fish paste. In an effort to attract more United States investors, the Deputy Prime Minister and Minister for Trade, Mr. J. McEwen, when he was in North America for the Commonwealth Economic Conference in Montreal, spoke in Detroit and San Francisco and outlined Australia's potential as an outlet for American capital.

To find more buyers for Australian goods, the Commonwealth Government about five years ago began to send out trade missions. In 1954 two were organized, one to Africa and the other to South East Asia. Since then, two have gone to New Zealand, one to India and Ceylon, and one to Singapore, the Federation of Malaya and Thailand. South East Asia, lying close to Australia, is becoming increasingly important commercially and politically and appears to offer useful trading possibilities, especially for Australian exports. Other trade missions will probably be organized in the future.

—J. C. BRITTON,
Commercial Counsellor, Sydney.

62127-6—2½

FROM HONG KONG

C. M. Forsyth-Smith has spent the past two and a hal years as Canadian Government Trade Commissione in Hong Kong. His office looks after our trade inter ests in the Colony itself and also in Mainland Chine the Indo-Chinese States, and Taiwan. Mr. Forsyth Smith has visited all these countries; last fall spen three weeks in Mainland China. Now back in Can ada, he will shortly go on tour to meet businessmen anxious to expand their trade with this part of Asia Here he briefs our readers on essential facts abou these markets.

C. M. Forsyth-Smith reports on markets in the countries in his territory.

HONG KONG

LAST year Hong Kong's trade reached a total value of Can.$1,360 million, broken down into imports worth $858 thousand and exports worth $503 thousand. The table below shows the trend in trade during the last three years.

	1955	1956	1957
		(in Canadian $'000)	
Exports*	422,332	534,936	502,712
Imports*	619,820	761,033	858,242
Total:	1,042,152	1,295,969	1,360,954

*In Canadian dollars, roughly converted from Hong Kong dollars at the rate HK$6.00=Can.$1.00.

Trade with Canada in 1957 was almost in balance; Hong Kong's sales to Canada reached $7.2 million and Canadian sales to the Colony totalled $7.5 million. The table draws a comparison with other years.

TRADE WITH CANADA

	1955	1956	1957	5 months 1958
		(in Canadian $'000)		
Imports from Canada	7,254	7,026	7,595	2,932
Exports to Canada	5,875	5,699	7,223	
Total:	13,129	12,725	14,818	

*For details of the tour, see page 18.

Among the principal commodities that Canada sells to Hong Kong are:

Plastic raw materials	Copper scrap
Wheat flour	Film, motion picture
Primary aluminum	Steel plate, sheet, strip
Automobiles	Gluten and food starches
Fountain pens and sets	Medicinal preparations
Medicinal roots, herbs, bark	Douglas fir planks and board
Wheat	Gas engines and parts
Newsprint paper	

Many other products, including manufactured consume items and specialized foods, sell in smaller amounts mainly to the European population (estimated a 20,000). Total population of Hong Kong is an estimated 2,677,000.

Import and Exchange Control

There is no general tariff and Hong Kong remains a free port for most goods. Duties are levied on liquor tobacco, hydrocarbon oils, toilet preparations and proprietary medicines, table waters and methyl alcohol Non-British cars pay a registration fee of 15 per cen of the landed value. Most goods are imported unde general licence, although special licences are required for dutiable, dangerous and undesirable, restricted and strategic goods. Samples are free of duty except fo dutiable goods of value. Unprocessed goods of Commonwealth origin are often preferred because locally manufactured articles may receive a duty preference in Commonwealth markets provided they contain sufficient Commonwealth content.

Exchange control is in effect but there is an extensive free money market for trading in dollars at rates above the official exchange rate. Most imports from Canada are paid for with U.S. dollars bought on that market; the premium in July 1958 amounted to approximately 2¾ per cent. Payments are ordinarily arranged on a letter-of-credit basis although more favourable terms may be granted once the trade contacts have been well established.

Documentation and Trade Regulations

For shipments of general, non-dutiable goods, the ordinary commercial invoice and the ocean bill of lading are the only documents required. No consular invoice, special form of commercial invoice or special bill of lading are required and a certificate of origin is not normally needed for customs purposes, except for dutiable articles. No marking regulations are in effect in Hong Kong although false labelling of goods is prohibited. Hong Kong is in the tropics and packing should be done with that in mind.

Prospects are brightest for materials to service local secondary industries although the market in 1958 has been somewhat depressed. A number of food products and other consumer goods—such as automobiles and parts, pens, packaged medicines, cameras, men's wearing apparel, and toys—sell, provided prices are competitive with United States and European countries.

Approach to the Market

If you are confident that your product is competitive in world markets, approach the Trade Commissioner with details in order that he may make a preliminary survey of the market. If good prospects exist, select a prospective agent and ask him to acquaint the trade with your samples and prices. If a trial order is forthcoming, appoint an exclusive agent. Visit the market if the potential trade warrants the cost. ●

For further information on Hong Kong, see the following articles in "Foreign Trade":

"Business Conditions in Hong Kong"—March 1, 1958.
"Hong Kong's Trade Prospers"—August 17, 1957.

MAINLAND CHINA

MAINLAND China, with an estimated population of 650 million, carries on a total trade stated to be slightly over US$4,000 million, but no specific statistics are available. It is estimated that trade with the non-Communist world reached approximately US$1,100 million in 1956 and has since increased slightly.

TRADE WITH CANADA

	1955	1956	1957
	(in Canadian $'000)		
Exports to Mainland China	1,016	2,427	1,392
Imports from Mainland China	3,125	5,721	5,304
Total:	4,141	8,148	6,696

Canadian sales to Mainland China in the first six months of 1958 totalled Can.$4,310,986, and wheat accounted for $4,276,036. Our imports from Mainland China in the first five months of this year reached $2,126,597, with shelled walnuts accounting for $1,107,871 and green peanuts for $533,550.

Among the other products that Canada customarily sells to China are wood pulp and kraft paper; fertilizers, acids, drugs and chemicals; flour; primary and semi-processed metals.

Import Controls and Trade Regulations

The state handles all trade through a relatively few trading corporations and trading procedures, pricing, testing, transportation, etc., are managed by government agencies. Decisions to import are made by the Government and may be contingent upon the export opportunities in the country with which Mainland China is dealing. There is a tariff structure but it does not influence trade because the Government acts as the importer and levies the duty as well. China often reserves the right to make final tests on arrival of the merchandise and although this deviates from accepted practice in most countries, the testing to date has been done efficiently and fairly.

Foreign Exchange and Payments

It is believed that China suffers from a shortage of foreign exchange and although this situation does not seem to have reduced Canada's trade with this country, it may limit prospects for the future. Foreign exchange is allocated quarterly to the trading corporations. Some imports by regional agencies are permitted; they use exchange earned from the sale of local merchandise.

Payment may be made by letter of credit but sometimes the Chinese suggest methods unfamiliar to Canadian traders. Past experience indicates that the payments procedures are satisfactory and therefore unusual suggestions should be seriously considered. Transactions involving Canadian goods are normally made in registered or transferable sterling or in Swiss francs. Sometimes China specifies that payment be made thirty days after shipment or on the arrival of the goods, whichever is the sooner. In sales of capital goods, credit may be requested.

Mainland China is demonstrating a keen interest in Canadian wheat, metals, pulp, scientific and medical

instruments, fertilizers, automobile parts, and chemicals. It has also shown some interest in plastic raw materials, agricultural equipment, complete factory units, sawmill and mining equipment, marine and industrial diesel engines, electric motors and transformers. Prospects are brighter for goods required for China's industrial expansion.

Approach to the Market

Exporters should get in touch with the Department of Trade and Commerce in Ottawa or the Trade Commissioner in Hong Kong for a preliminary indication of Mainland China's interest in your export products. Forward copies of descriptive literature and prices to the appropriate state corporations, China Resources Company in Hong Kong (official agents for most of the state corporations), and the Trade Commissioner. If there are prospects, a personal visit could be profitable. •

For further information on Mainland China, see the following articles:

"How to Trade with Mainland China"—February 1, 1958.

"Business in Mainland China"—March 1, 1958.

"Mainland China Exports Walnuts"—February 15, 1958.

"Mainland China Exports Peanuts"—March 29, 1958.

TAIWAN

THE island of Taiwan today has a population of about 9.6 million, not including some 600 thousand in the armed forces. It carried on a total trade worth US$397 million in 1957 ($357 million in 1956), with exports worth US$139 million and imports, including U.S. aid commodities, worth $258 million.

Last year Canada sold Taiwan goods worth Can.$1.6 million, a rise of $897 thousand over 1956. Figuring prominently in these exports were sulphate kraft pulp, electrical apparatus, asbestos milled fibres, malt, semi-fabricated aluminum, zinc spelter, pyrite, whiskey, lead, drugs and chemicals, synthetic resins, calcium compounds, raw cattle hides, synthetic yarns and fibres, and cameras.

Import Controls

Strict import controls are maintained, with the object of curtailing luxury imports, encouraging exports, and developing local industry. Import budgets are published quarterly and traders must apply for a licence to import and an exchange certificate. Most business is done by government tender, some through direct purchase but the bulk through indent agents and manufacturers' representatives.

There is a shortage of foreign exchange and it is made available for approved imports only. Foreign exchange certificates are granted to approved applicants by the Control Commission or purchased on the open market from exporters who have earned them from sales. The exchange rates are fixed at one U.S. dollar to NT$24.58 buying and $24.78 selling, with a certificate charge of NT$11.50 per U.S. dollar. A limited quantity of imports may be purchased with self-provided foreign exchange. Business is ordinarily conducted on letter of credit.

Tendering Procedure and Documentation

Because imports are made through tenders opened by the Central Trust of China or the Taiwan Supply Bureau (provincial trading organization), quotations may be made in triplicate direct to these organizations or through an agent. Ordinarily these may be in U.S. dollars. Several copies of pro forma invoices should be supplied, giving F.O.B. prices and freight, insurance, etc., separately. A bid bond of 1 per cent is normally called for and a performance bond may be required from successful bidders.

Approach to the Market

Reduced foreign aid and a tendency towards recession have affected prospects in this market. Canada should be able to retain her sales of industrial raw materials and semi-processed goods in line with the average for past years, but increased exports do not seem likely for 1958.

Invitations to bid for Taiwan's requirements are available from the Department of Trade and Commerce, Ottawa. If the procurements include commodities offered by your company, ask to receive copies of future bids. Place a bid with the government agency or, preferably, work through an approved agent. A capable agent will watch for government tenders and quote promptly. •

For additional information on Taiwan, see the following articles in "Foreign Trade":

"How to Trade with Taiwan"—November 9, 1957.

"Business Conditions in Taiwan"—March 1, 1958.

"Taiwan Revises Trade Controls"—June 7, 1958.

INDO-CHINESE STATES

THE Indo-Chinese States include South Vietnam, with an estimated population of 10 to 11 million, Cambodia with 4.2 million, and Laos with 2 million. Their total trade with Canada was valued at Can.$562 thousand in 1956 (exports from Canada $546 thousand

and imports into Canada $16,000). Last year this figure rose to Can.$1,027,000 (exports $1,020,000 and imports $7,000). These figures cover all three countries but South Vietnam is the major customer. Canada sells them mainly newsprint paper, steel, gas engines and parts, aircraft, auto parts, agricultural and industrial machinery, radio equipment, plastic raw materials, processed milk, and books.

Import Controls

The three countries exercise a tight control over imports because most purchases are financed with U.S. aid funds. Import licences are granted to private traders although government purchasing authorities buy some bulk products direct. This is particularly true in Vietnam. Exporters are permitted to retain a share of the proceeds from sales and many buy luxury goods with these funds.

Foreign Exchange and Payments

South Vietnam—It is estimated that US$200-220 million was available for the 1957/58 fiscal year under the United States Commercial Import Fund. Earnings in free exchange from exports are estimated at US$20 to 30 million.

Cambodia—Approximately US$20 million is available in aid funds for commercial imports, with US$35-45 million probably available from export earnings.

Laos—Imports are financed almost entirely with United States aid funds, which amounted to about US$33 million in 1956 and US$49 million for the 1957/58 fiscal year.

Quotations to these countries should be in U.S. dollars.

Approach to the Market

These countries have been suffering a recession for the past year and prospects at the moment are not bright. There is a market for industrial raw materials; machinery for agriculture, forestry and road construction; metals; pulp and paper; pharmaceuticals, and a variety of other products, including consumer goods.

Agressive agents provide the best method of entering these markets. Separate contacts should be used in each country and correspondence ought to be carried on in French. For companies offering merchandise which is in demand, a visit to the area should prove worthwhile. ●

For additional information on this area, see the following articles in "Foreign Trade":

"Business Conditions in South Vietnam, Laos and Cambodia"—March 1, 1958.

"There Is a Market in Indo-China"—August 17, 1957.

A Look at Irish Trade

IRELAND'S total trade in the period January to June 1958 rose by almost £9.1 million compared with the first six months of 1957. This increase was due largely to an expansion in imports of £7.8 million to a total of £100.2 million. Exports (including re-exports) at £65.4 million accounted for only £1.26 million of the increase. Though domestic export prices were fairly steady during the period, import prices fell and effectively eased the adverse trade balance.

At first glance, the expansion in import trade might seem an unwelcome trend. Further analysis shows, however, that the increase took place not so much in consumer goods (which might have necessitated further import restrictions) as in producers' capital goods ready for use and materials for agricultural and other production. Hence benefits to Ireland's export trade may be the long-term result.

Commodities of possible interest to Canada imported in greater quantities in the first half of 1958 than in the same period last year include: grain offals, oilseed cake and meal, iron and steel bars and sheets, excavating, mining and roadmaking machinery, agricultural machinery and tractors, electrical goods and apparatus, motor car body and chassis aggregates, plywood, hides, skins and leather. Purchases of wheat and barley, aluminum, textile machinery, railway vehicles and railway rolling stock, wood pulp, newsprint, cardboard, fuel oil and seeds for sowing, were smaller.

Imports from Canada for the six-month period were valued at £2.08 million, a slight decrease from 1957. Wheat imports slumped from £1.18 million to £809 thousand, but a poor harvest this fall because of the wet summer may mean that Ireland will have to import more wheat in the second half of the year.

Purchases of aluminum and alloys and of newsprint declined. On the other hand, softwood showed a remarkable improvement because of the easing of restrictions on borrowing money for housing.

The value of exports to Canada reached £337 thousand; they consisted chiefly of chocolate crumb, couverture and chocolate preparations, wool, jute yarn and thread, sisal floor covering, cordage, cables and ropes. Cattle exports dropped last year, though sales of frozen meat, pork, mutton, lamb and bacon improved.

—H. A. GILBERT,
Commercial Counsellor, Dublin.

Fairs and Exhibitions

World Traders Meet in Vienna

ON September 7, businessmen from 20 countries, including the United States, Russia, Canada, El Salvador, Turkey, Lebanon and Pakistan, rubbed shoulders with their counterparts from most of the countries of Eastern and Western Europe in the halls of the *Vienna International Autumn Fair*. This is the 25th time that Vienna has played host at these semi-annual fairs since they were revived at the end of the war. Strategically situated on the border of the projected new, economically integrated Europe and the Communist countries to the East, Vienna is more and more proving to be a focal point for trade between these countries. Over 650 thousand visitors took advantage of this fact and some 5,000 individual firms participated.

The Vienna fairs are held twice a year, in March and September. They are traditionally housed in buildings located in two sections of the city. Machinery, the products of heavy industry and technical goods are set up in the exhibition buildings in the parklands of the Prater near the Danube, where the national exhibits sponsored by various countries are also housed. Fashion goods, leatherware, textiles and toys are shown in the Trade Fair Palace, a fine baroque building, formerly the stables of the Austrian royal house. Twelve countries, including Canada, exhibited in the Hall of Nations, the largest exhibition hall in Europe.

Visitors to the Vienna Autumn Fair press forward for a look at a beam therapy unit displayed by Atomic Energy of Canada.

With the recent great expansion in world trade, it is becoming increasingly difficult for businessmen to know where a commodity they need is produced. Visits to such trade fairs, therefore, help them to locate these goods and their producers, make business deals on the spot, and establish valuable commercial contacts. The Vienna fairs should not be overlooked by Canadians anxious to do business abroad. They are being held next year on March 8-15 and September 6-13. Exhibition space is at a premium and businessmen are urged to have their European agents make arrangements for them as soon as possible.

Italy Spotlights Agriculture

CATTLE, horses and agricultural machinery will highlight the *61st International Fair of Agriculture and Horses,* to be held in Verona, March 8-16, 1959. This is the main agricultural fair in Italy and is said to be one of the leading cattle and horse shows in Europe. As in the past, there will be other attractions during fair week—conventions, international technical exchanges, and detailed exhibits—all revolving around agriculture and its allied industries.

Special customs facilities will be granted to foreign exhibitors. Visas will be affixed free on presentation to Italian Government representatives abroad of identity cards issued by the organizers of the fair. For more information write to: the Commercial Attaché, Italian Embassy, 172 Maclaren street, Ottawa, or to the Office of the Italian Trade Commissioner in Toronto or the Consulate General of Italy in Montreal.

Canton Holds Trade Fair

REPRESENTATIVES of China's national foreign trade corporations have been stationed at the Chinese Export Commodities Fair which opened in Canton on October 15. In addition to selling their own products, these representatives are authorized to buy goods offered for

sale by overseas visitors. Traditional Chinese export commodities are on display and also many new ones developed during the reportedly successful Five Year Plan. The sponsors emphasize that Mainland China's rapid industrial and agricultural progress in the past five years has expanded the variety of goods she has for sale, as well as the need for goods she must buy elsewhere. Businessmen visiting Canton, the largest commercial centre in South China, may get some valuable business, say the sponsors. They extend a cordial invitation to foreign traders who may still wish to come to this year's fair (it runs until November 30) or the one next year. Inquiries should be addressed to: The Chinese Export Commodities Fair (Autumn) 1958, Canton.

Canada at Jamaica in 1891

IN Ottawa, planning machinery is in high gear for the Canadian Trade Fairs in the West Indies to be held early in 1959. And in Kingston, Jamaica, with local arrangements well under way, F. L. Casserly of the office of the Canadian Trade Commissioner has taken time off for a glance into the past—68 years to be exact—at the Jamaica International Exhibition of 1891.

The 1959 fairs are the first which the Canadian Government has sponsored in the West Indies. But Canadian representation in Caribbean fairs is far from new. Back in 1891, 247 individual Canadian exhibitors participated and no less than 207 of them received awards. A list of some of the contributions from Federal Government Departments has the unmistakable ring of the 19th century.

Marine and Fisheries showed stuffed fish and signal flags; Public Works, shields and coats-of-arms; Agriculture, cereals in the ear and cleaned; Railways and Canals, maps; the Post Office, stamps; and the Library of Parliament, photographs. And the governments of Canada's young provinces were not to be outdone, either: displays came from Nova Scotia, New Brunswick, Prince Edward Island, Quebec, Ontario and Manitoba.

Some 303 thousand visitors came from Canada, the United Kingdom, Continental Europe and the United States. The following countries sent exhibits: Austria, the Bahamas, Barbados, Belgium, British Guiana, the Caicos Islands, Cayman Islands, Colombia, Dominica, Dutch Guiana, England, France, Germany, Greece, Grenada, Haiti, Holland, India, Italy, Russia, St. Lucia, St. Thomas, St. Vincent, Scotland, Sweden, Turkey and the United States.

The exhibits were housed in an impressive building 511 feet long, built in a large park just north of the Kingston Race Course. Its many annexes contained a fine art gallery, a theatre, and amusement and refreshment halls. The pageantry was spectacular: there were artillery salvoes, fireworks displays, band music, organ and piano recitals and theatre performances. It all attracted a lot of attention, drew huge crowds of sightseers, lost a great deal of money and, says Mr. Casserly, laid the foundations of the island's tourist trade.

This is an artist's drawing of the geodesic dome which will be the focal point of the display area at the Canadian Government Trade Fairs that will be held in Jamaica and Trinidad in 1959.

1958 Mexican Fairs

CLOTHING—*The International Clothing Exhibit* will be held in November at the Hotel del Prado in Mexico. Detailed information can be obtained by writing to Albert Allison, c/o Camara Nacional de la Industria del Vestido, A. Caso 31, Mexico, D.F.

ELECTRONICS—The *First Exposition of Electronics and Electricity* and the *Second International Congress of Engineering and Electronic and Electrical Communications* will be held jointly at the National Auditorium in Mexico City, from Oct. 31 to Nov. 17.

1959 Vertical Fairs

AIR CONDITIONING EQUIPMENT—*14th International Heating and Air Conditioning Exposition,* Philadelphia, Pa., Jan. 26-29. Apply, International Exposition Co. Inc., 480 Lexington Ave., New York 17, N.Y.

BOATS—*18th International Boat Show,* Miami, Florida, Feb. 20-25. Apply: Miami International Boat Show, 615 S.W. 2nd Avenue, Miami 36, Florida.

62127-6—3

THE MIDWEST

A Market for Specialty Foods

Here are some ways for Canadian specialty food manufacturers to crack a highly competitive market, backed up by top-quality products and some selling know-how.

G. F. OSBALDESTON, *Vice Consul and Assistant Trade Commissioner, Chicago.*

CANADIAN manufacturers of specialty food products seem to feel that it is practically impossible to break into the market in the U.S. Midwest. Competition in this trade is certainly keen but the Canadian exporter has a good chance of success if he has an acceptable product, attractively packaged to suit the American consumer, and if he is willing to do some hard selling.

What Buyers Want

There are hundreds of imported food lines available to Chicago brokers and they are choosey about which they will carry, but they are responsive to new, saleable products and low prices. They are particularly price conscious in dealing with standardized goods such as jams and jellies. Packaging is of major importance; an unattractively packaged product is rejected immediately, regardless of its other merits. Wholesalers frequently wish to label the products they handle with their own brand or to attach an additional label carrying their trademark. They will give little consideration to a Canadian price-list and catalogue. They want C.I.F. Chicago duty-paid prices, delivery data, advice on private labelling, sizes of packages and other pertinent information.

Canadian firms who have met these requirements are selling jams and jellies, canned hams, medium and high-priced biscuits, wild rice, maple syrup, blueberries, bread sticks, dietetic jams and jellies, cheese, and many other products in the Midwest.

How to Test the Market

Perhaps the easiest way to test a Canadian product in the U.S. is to contact large specialty wholesalers who have nation-wide distribution; there are a number of these companies in Chicago and New York. They have extensive knowledge of the market and can decide quickly whether or not the product is suitable, properly priced, and well packaged. Because they probably carry a competing product, it is often difficult to interest them in a new line; it is sometimes even harder to get them to give it special attention once they have taken it on, because they carry hundreds of lines. Nevertheless, a call on these major wholesalers is a "must" when one is surveying the market.

Limited distribution can be achieved through local representatives. This is often a better way to test the market than by becoming tied up with one firm on a national basis, but local representatives are also hard to interest in new lines. They are not inclined to take on an unproved product unless it is obviously something quite special.

A third possibility is direct sale to consumer outlets. A number of major department stores buy direct and so do some of the larger specialty-food retailers. These accounts can be a substantial source of business but they are as difficult to sell as the local representative.

The best way to test the market is to have a company representative visit Chicago and call on the various classes of buyers. He should be prepared to quote prices and do business. The Trade Commissioner's office in Chicago would be pleased to contact a representative group of buyers, if it is supplied with the appropriate information and samples and if the preliminary survey indicates a potential market.

Gift Hampers

Canadian specialty-food manufacturers often overlook the gift-hamper trade. Food hampers of all shapes, sizes and prices are being sold by specialty food shops, catalogue houses and executive gift suppliers. They range in price from $1.50 to $100; the most popular ones wholesale for $5.00 and $10.00 each.

The contents of the hampers vary widely. Some contain only two products; others have 25 or more different ones. What are referred to as "sampler" gift packages may contain eight jars of different types of jams or syrups. The most popular ones feature an assortment of different food products, from fried grasshoppers to cans of soup. The containers range from plain cardboard boxes to elaborate wicker baskets. All are attractively done up and have a festive look.

From our investigation of the market, there appear to be two ways in which Canadians may win a larger share of this trade.

How Can Canadians Compete?

If a Canadian food product is taken on by a local wholesaler, the Canadian firm should find out from him whether he packs gift hampers or sells to firms that pack them, and suggest that the packers include the Canadian product. As far as we have been able to determine, none of the wholesalers or packers will take on an imported line simply for use in gift hampers.

The biggest retailer of gift hampers in Chicago estimates that he sells an average of 1,200 hampers of each type a year. This means that he needs less than 30 cases of 48 of any one product for a particular hamper. This store carries dozens of different hampers and the packers try to vary the contents as much as possible.

A supplier of gift hampers in Chicago who sells individual accounts for executive gifts considers 5,000 units an excellent sales volume for one type of hamper. He will not consider importing because he needs a readily accessible source of supply if he receives a large order. Furthermore, he does not want to place orders in advance of sales because he is never sure which hamper will prove successful. However, he is now in contact with local representatives of Canadian firms because he is considering including Canadian foods in his Christmas hampers.

All-Canadian Hamper Suggested

A second possibility for tapping the gift-hamper market is packing the complete hamper in Canada and offering it to retail outlets, catalogue houses and executive gift suppliers. This suggestion has been discussed with the Chicago trade and has aroused a good deal of interest. One buyer suggested an all-Canadian hamper composed of wild rice, blueberry jam or preserves, canned lobster, specialty cookies and maple syrup. Such a hamper's "foreign" flavour would give it added sales appeal. Another advantage would be the smaller number of customs clearances for the local firm.

Customs duties on a hamper are determined by assessing the appropriate duty against each item in it. A re-usable container attracts a duty not imposed on ordinary packaging and this should be taken into account. Rates of duty can be obtained from the International Trade Relations Branch, Department of Trade and Commerce, or from the Bureau of Customs in Washington.

There are a number of methods that might be used in selling Canadian hampers across the border. Complete hampers could be sold to U.S. representatives who would warehouse them and sell from stock. Alternatively, orders could be taken by a U.S. representative and the hampers mailed directly from the Canadian manufacturer to the retailer.

Success Is Possible

This preliminary survey indicates that the market is worthy of further study and testing by Canadian firms. Canadian specialty-food manufacturers who are interested in selling in the Midwest may write for more information to the Canadian Government Trade Commissioner, 111 North Wabash Avenue, Chicago.

Tours of Territory

D. S. ARMSTRONG, Commercial Secretary in Cairo, Egypt, will visit Addis Ababa, Ethiopia, from November 3-10, Khartoum, Sudan, from November 10-14, and Jidda, Arabia, during December.

M. B. BLACKWOOD, Commercial Secretary in Djakarta, Indonesia, will visit Surabaja and Semarang during the week of November 16. While he is in Surabaja, he plans to spend a day at the International Agrarian and Industrial Fair there.

W. J. COLLETT, Acting Trade Commissioner in Bombay, India, will visit Patna, October 29-30, and Ranchi, October 31-November 2.

R. M. DAWSON, Assistant Trade Commissioner in Guatemala City, Guatemala, will visit Honduras and Nicaragua from October 27-November 7.

W. M. MINER, Assistant Trade Commissioner in Hong Kong, will visit Saigon, South Vietnam, from October 27-November 6; Phnom-Penh, Cambodia, from November 6-10, and Vientiane, Laos, from November 10-15.

H. W. RICHARDSON, Trade Commissioner in Guatemala City, Guatemala, will visit El Salvador from November 17-21.

C. J. SMALL, Trade Commissioner, and W. M. MINER, Assistant Trade Commissioner in Hong Kong will visit the Canton Fall Fair, Canton, Mainland China, from November 22-26.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Armstrong at Cairo, Mr. Blackwood at Djakarta, Mr. Collett at Bombay, Mr. Dawson and Mr. Richardson at Guatemala City, Mr. Miner and Mr. Small at Hong Kong.

62127-6—3½

Egypt at the Half Year

Trade relations with West are improving and purchases rising again, despite shortage of western currencies. Communist bloc continues to be main buyer of cotton, with the USSR the main market.

D. S. ARMSTRONG, *Commercial Secretary, Cairo.*

THE Egyptian Region of the United Arab Republic appears to be settling down, economically speaking, after the drastic upheavals of the last few years. Strict government controls have kept the cost of living in check and severe restraint in internal fiscal policies has resulted in balanced budgets. There is no evidence that Egypt has been affected by the recession in some parts of the world. There have been some temporary shortages of imported raw materials and spare parts, but on the whole local industry has benefited from the severe import restrictions on consumer goods.

A return to economic and trade relations with the West as they were up to three or four years ago is highly improbable for two reasons. First, the share of the Communist Bloc in Egypt's trade has increased considerably, at the expense of Western Europe. Second, all available financial resources are being used for raw materials, plant and equipment for economic development rather than for consumer goods. Nevertheless, during the first half of 1958 trade with Western countries improved slightly.

EGYPT'S FOREIGN TRADE BY AREAS

	Imports		Exports	
	(in £E. million)			
Jan.-June	1957	1958	1957	1958
Arab League	6.9	6.4	10.0	10.8
Communist Bloc	26.7	38.5	47.8	41.9
Western Europe	32.4	55.0	19.4	19.4
Africa, Asia and Australasia	11.8	11.4	13.5	14.9
Americas	9.2	11.5	2.3	2.2
	87.0	122.8	93.0	89.2

The table shows that the value of Egypt's exports during the first six months of 1958 decreased by less than 5 per cent compared with the same period of 1957. Imports, however, increased by 43 per cent. As a result, the favourable balance of trade of £E6 million in the first half of 1957 was replaced by an unfavourable balance of £E33.6 million this year.

Trade Increases Analyzed

Because 1958 figures on imports by countries of origin are not yet available, it is not possible to analyze the sizable increase in imports from the Communist Bloc, Western Europe or the Americas. However, because the 1957 favourable balance was unusual, there was a carryover of imports from last year, either because of a backlog of undelivered goods or statistical data

These Egyptians are busy gathering the country's principal crop, cotton. Cotton exports in 1957/1958 were slightly higher than in the previous season and 65 per cent went to the Eastern European countries and Mainland China. Sales to France, once the largest buyer, are again rising.

obtained later. Other probable reasons are increased purchases of wheat, fertilizers, lumber and petroleum products.

There has been a slight change this year in the direction of Egypt's foreign trade—a swing back to Western Europe, traditionally the main source of her imports. Egyptian purchases from these countries increased from 37 per cent in 1957 to 45 per cent this year, compared with a normal (pre-Suez) proportion of 60 per cent. Imports from other areas showed no marked change and the Communist Bloc's share remained at just under one-third.

Foreign Exchange Remains Scarce

It is not clear how the unfavourable trade balance, particularly with Western Europe, has been financed. There may have been some switching to western currencies of credit balances earned in trade with Communist countries. Reserves of scarce foreign currency holdings may have been further reduced or settlements deferred. Egypt has taken delivery of 270 thousand tons of wheat from Italy on deferred payment.

The scarcity of western foreign exchange has continued to be a serious problem. In February a new system called the "Export Account" was adopted. This, briefly, allows importers to buy and non-residents plus authorized local banks to sell foreign exchange at a premium payable in Egyptian currency. The system has not achieved outstanding results because first, the premium was fixed, thus preventing the Egyptian pound from finding a value acceptable to non-resident financiers; second, there was enormous pressure from imports; and third, because the cotton and other export commodity markets (rice is an exception) remained dull. It is hoped that the new cotton season in Egypt (it opened on September 1) when sizable sales are normally made to the West, will see the system truly established and working.

Cotton Goes to Eastern Countries

Cotton exports during the season just completed totalled 5.6 million cantars (one cantar=99.05 lb.). This is slightly higher than the 1956/57 figure of 5.1 million, but less than the seven-year average of 6.1 million cantars. The carry-over into the 1958/59 season will be 2.5 million cantars, or almost one million more than a year ago. The new crop is expected to be somewhat smaller than in 1957.

Russia was again the largest purchaser, accounting for almost the same quantity as all the western countries together. The Communist Bloc (Eastern European countries and Mainland China) increased its share of cotton shipments from 54 per cent in the previous season to 65 per cent this year. Japan and the United States led the western nations and exports to France and the United Kingdom were up considerably over last year, in spite of disrupted trade between these countries and Egypt after Suez.

In August France and the United Arab Republic signed an agreement that is expected to lead to the resumption of more normal trade. This is significant for both countries because before 1955 France was Egypt's best cotton market. Negotiations with the United Kingdom have been resumed and the Suez Canal compensation question was settled in July. The United States unblocked Egypt's dollar balances immediately after the initialling of the Canal agreement. These developments point to improved economic relations between the United Arab Republic and the West.

Industry Makes Advance

Egypt's industrialization program has made satisfactory progress in the past year. This five year plan for the erection or extension of 128 enterprises calls for a total investment of £E.190 million, 66 per cent in foreign currency. Financial and technical assistance totalling more than £E.100 million has been offered by Russia, West Germany, Czechoslovakia, France and East Germany, and negotiations are under way with a number of other countries, notably Japan. Recently ten new factories began operations; the most important were an iron and steel mill, a jute factory, and a plant for assembling railway cars.

Traffic through the Suez Canal is at record levels, despite the slowdown in world shipping and in oil. The Suez Canal Authority has signed a contract for £E.7.5 million with three American dredging companies to undertake the deepening and widening of the Canal. This is the eighth and largest improvement program in the 86 years since the Canal was opened.

The formation of the United Arab Republic was basically a political merger of Egypt and Syria. The trade and payments and economic agreements in existence before the union have not yet been changed. The unification of the monetary systems and exchange and import controls, the elimination of customs barriers, etc., have not been undertaken as yet, and the free exchange of goods is limited to a brief list. If full integration is planned, it will be made easier by the fact that the economies are more complementary than competitive.

Canada's exports to Egypt fell from $2.5 million in 1956 to $1.2 million in 1957. In the first half of this year they rose slightly to about $420 thousand, compared with $302 thousand in the first six months of 1957. Sales are limited to a few essential raw materials and medicines that cannot be obtained from eastern countries. Canadian purchases from Egypt, commonly lower in value than sales to Egypt, show no marked change. ●

Danes Shift Agricultural Policy

Difficulties in export markets for bacon and butter have led the Danish Government to establish floor prices for grains and take other measures to protect producers and encourage export promotion.

T. W. HARBOE,
Office of the Commercial Counsellor, Copenhagen.

THE three main influences on Danish agriculture during the harvest year 1957-58 were:

- The reverses suffered by exports of Danish bacon during the fall of 1957, reported in the December 7, 1957, issue of *Foreign Trade.*
- The competition that Danish butter exports met this year in the United Kingdom market. As a result, butter prices last June declined to the lowest level since September 1940.
- The agricultural legislation enacted in June, with the support of the main agricultural organizations. The aim of these measures is to meet increased competition abroad and strengthen the Danish position in the face of European market developments.

Competition in Foreign Markets

The bacon market, which last year caused considerable anxiety, has now recovered to some extent and has been reasonably steady since the end of March. At that time, the price of class A Danish bacon on the London Provision Exchange was quoted at 305s. per cwt. C.I.F., up from 260s. during the last week of August 1957. Currently the price stands at 310s. per cwt. C.I.F. This improvement is ascribed partly to increased consumption in the United Kingdom following the non-delivery of beef from the Argentine during the London port strikes, and partly to the fact that Argentine beef at present is fairly expensive.

This year, the strong competition that Danish butter exports met on the British market attracted most attention and caused serious concern. Falling butter prices early in the year led the Danish Butter Export Committee to place larger quantities in cold storage, in an attempt to halt the down-trend. The funds set aside for this purpose were soon exhausted and because export markets did not improve, the committee initiated an active sales campaign for fresh and cold-storage butter on the Danish home market. The campaign was a success and the situation was further alleviated by a Soviet purchase of 7,000 tons of fresh butter under the terms of the Dano-U.S.S.R. Trade Agreement of 1956 which expired in mid-May, one day after the signing of the butter contract.

Protests Made to Other Governments

In the meantime, the Danish Government supported the request made by the Government of New Zealand to the Government of the United Kingdom that the Anti-Dumping Act be applied to butter imports from Finland and Sweden. The Danish Government also made formal submissions to Finland and Sweden, suggesting that negotiations be held between the Nordic countries over ending the sale of subsidized butter to the United Kingdom. An uncommonly high butter production in West Germany also led the Danish Government, through its Embassy in Bonn, to express the hope that the West German Government would consider Denmark's position as a traditional butter exporter whenever policies on West German agricultural production are under review.

Although the Anti-Dumping Act was not applied, the measures taken by the Government of the United Kingdom to cut butter imports from secondary suppliers were successful. In addition, the decision taken by the U.S. Department of Agriculture in July not to reduce (as it originally intended) the export price of butter from U.S. surplus stocks helped in a return towards more normal market conditions in the United Kingdom. This decision followed discussions with interested countries, including Denmark, in conformity with the principles of consultation adopted by FAO. As a result of it, the price of Danish butter quoted on the London Provision Exchange, as well as the initial price paid to Danish producers, began to climb on August 1, as demonstrated by the two tables below.

Prices Quoted for Danish Butter on the London Provision Exchange
(per cwt. C.I.F.)

	1957	1958		1958	1957
1st quarter	308s.2d.	267s.8d.	July 1	228s.9d.	326s.0d.
2nd quarter	305s.3d.	222s.11d.	Aug. 1	249s.0d.	327s.6d.
3rd quarter	336s.3d.		Aug. 26	257s.0d.	348s.0d.
4th quarter	326s.9d.		Sept. 5	267s.0d.	347s.6d.

—UN Photo

Butter bound for Britain is being placed on board ship in the Danish port of Esjberg. Stiff competition in the British market this year pushed down butter prices to the lowest point in 18 years, and caused concern among Danish producers.

Initial Butter Prices Paid to Danish Producers
(in Danish kroner* per 100 kilos)

	1956	1957	1958		1958	1957
1st quarter	765	650	495	July 15	350	500
2nd quarter	590	500	355	Aug. 1	400	500
3rd quarter	616	527		Aug. 15	425	550
4th quarter	700	550		Aug. 28	450	550
				Sept. 5	475	550

*One Danish krone=Can.$0.15 approximately.

Grain Policy Developed

Traditionally, Denmark's attitude towards agriculture has been one of minimum government interference and free trade. The developments referred to above have, however, prompted the Danish Government to depart from this policy to a certain extent and since mid-June various legislative measures have been enacted.

The two most important are:

- Law No. 205 of June 16, 1958, concerning a Grain Scheme for the 1958/59 harvest year.

- Law No. 213 of June 16, 1958, concerning the disposal of Danish agricultural products.

Law No. 205 contains three major parts, covering regulations for bread grain, milling regulations, and feed grains. The law provides Danish floor prices for wheat and rye, assuring the producer of a price of 48 D.Kr. per 129.8 pound Dutch weight for sound wheat, and 45 D.Kr. per 129.8 pound Dutch weight for sound rye in the 1958/59 harvest year. Although a free market for Danish grains continues, the Act contains provisions for government purchase, storage, and resale if producers offer the grains at floor prices. It also includes clauses on taxing the milling of bread grain at the discretion of the Minister of Agriculture to recover Treasury losses that may be incurred in giving effect to the floor prices.

The second part of the Act provides authority to continue in the 1958/59 crop year the powers granted the Minister of Agriculture last summer by regulation to specify the maximum and minimum percentages of Danish wheat and rye to be used in milling. On August 9 the Minister of Agriculture issued a notification which set the minimum percentage of Danish wheat at 70 per cent, and that of domestic rye at 90 per cent during the period August 16-September 30, and thereafter at not less than 95 per cent. This represents an increase of 5 per cent over the highest domestic requirements prevailing last year.

The third part authorizes a system of compensatory taxes on imported feed grains. These taxes are intended to provide minimum price supports for domestic feed grains.

Law No. 213 concerning the disposal of Danish agricultural products empowers the Minister of Agriculture to make regulations intended to govern the terms of a sale and also authorizes the collection of export taxes on Danish agricultural products and of taxes on domestic sales. The taxes so collected go into a fund established for each commodity group to be used for export promotion. The Government at present is considering the granting of loans up to 100 million D.Kr. to the funds to assist in getting export campaigns under way in advance of the actual collection of taxes. The Minister of Agriculture on August 5 issued a Notification introducing a slaughter impost of 6 D.Kr. on every pig killed for human consumption and an impost of 6 D.Kr. on every live sow exported from Denmark. It is expected that in twelve months about 40 million D.Kr. will be collected and will be paid to the sales association of the Pig Export Slaughteries.

Agricultural Sales Rise

Despite the difficulties encountered during the recent crop year by Danish bacon and butter exports, the total value of Danish agricultural sales abroad during the first half of 1958 was greater than in the corresponding period last year. Nevertheless it decreased to 59

per cent of the total value of all Danish exports, from 59.7 per cent for the first six months of 1957, as shown by the following table:

DENMARK'S EXPORTS OF AGRICULTURAL PRODUCTS

	January-June			
	1958		1957	
	1,000 head	Million Kr.	1,000 head	Million Kr.
Work and slaughter horses and foals	6.6	10.7	9.1	14.9
Live cattle and calves	172.9	218.1	124.9	163.3
Live hogs	63.6	34.4	72.6	41.3
	1,000 metric tons	Million Kr.	1,000 metric tons	Million Kr.
Beef and veal	40.4	185.3	45.8	209.9
Bacon and pork meat	130.1	589.8	120.3	559.9
Slaughter wastes, heads and toes	13.7	35.2	13.4	34.2
Slaughtered poultry	6.0	33.3	5.8	32.3
Other non-preserved meats	3.1	15.5	2.3	11.9
Intestines	6.4	24.5	6.6	18.5
Pork fats	8.3	18.0	6.2	16.8
Non-treated milk and cream	17.8	19.0	5.6	8.5
Butter	63.9	265.4	64.7	363.9
Cheese	34.8	132.4	29.7	124.6
Eggs and egg products	52.5	203.6	54.1	192.5
Fur pelts		45.6		39.9
Other raw hides and skins	6.5	26.3	6.6	28.8
Grains, not milled	320.9	152.3	67.0	38.3
Potatoes	112.8	32.8	22.3	4.6
Seeds	11.1	30.5	10.4	31.9
Other products		56.4		62.3
Total		2,129.1		1,998.3
Sugar and molasses	28.3	17.5	43.0	44.3
Meat preserves	34.7	227.9	26.5	168.4
Milk preserves	32.5	86.2	31.7	90.8
Total		331.6		303.5
Total agricultural products exported		2,460.7		2,301.8
Percentage of Denmark's total exports		59.0		59.7

Although Danish wheat and rye imports during the 1957/58 harvest year fell well below those of the previous period, there was a substantial increase in the import of barley and oats, as shown by the table below:

DANISH GRAIN IMPORTS—HARVEST SEASONS

(metric tons)

	Wheat	Barley	Rye	Oats	Total
1955/56	306,795	183,820	143,900	61,870	696,385
1956/57	248,449	198,934	125,078	45,007	617,468
1957/58	134,754	269,408	38,567	94,172	536,901

Harvest May Be Smaller

It is too early yet to arrive at any firm estimate of the Danish wheat harvest, which has been delayed by rainy weather in the second half of July and during most of August. Preliminary unofficial reports indicate, however, that it will be 10-15 per cent smaller than last year's total of approximately 250 thousand metric tons.

A similar decrease is expected in the yield of rye; last year it totalled about 175 thousand metric tons. The quality of the barley crop is expected to mean reduced Danish exports of malting barley and an increase in the domestic supply of feed grains, adversely affecting the import of the latter. Unofficial estimates set the total crop at 4.1 million metric tons, a decrease of 500 thousand metric tons from last year. This means an estimated loss in earnings to farmers amounting to approximately 200 million D.Kr.

Trade Commissioners on Tour

The following officers of the Trade Commissioner Service are on tour in Canada. Their itineraries are:

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica:

Halifax—Oct. 27
Saint John—Oct. 28-30
Black's Harbour—Oct. 30
Florenceville—Oct. 31

When he completes his tour Mr. Campbell will return to his post in Kingston, Jamaica.

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong:

Quebec City—Nov. 3
Ottawa—Nov. 4-14
Toronto—Nov. 17-28
Windsor—Dec. 1
London—Dec. 2
Brantford—Dec. 3
Hamilton—Dec. 4
St. Catharines, Welland—Dec. 5
Montreal—Dec. 8-19
Winnipeg—Jan. 5-6
Vancouver—Jan. 8-21

When he completes his tour Mr. Forsyth-Smith will return to his post in Hong Kong.

E. H. MAGUIRE, Consul in Hamburg, West Germany:

Montreal—Oct. 23-Nov. 5.
Saint John—Nov. 6.
Kentville—Nov. 7.
Halifax—Nov. 10.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Commodity Notes

Automobiles

INDIA—In order to make the largest number of cars using the foreign exchange available, manufacturers have agreed to confine production in the next twelve months or so to one type of car per firm; in each case, the firm will make the car that requires the least foreign exchange. There has been a general shortage of cars in India because imports of components have been restricted since January 1957 by the shortage of foreign exchange. Production of small cars (up to 14 h.p.) is as follows: 1955, 7,317; 1956, 10,571; 1957, 9,756; 1958 (Jan.-June) 2,855—Bombay.

Cashews

INDIA—India exported some 34,000 tons of cashews in 1957, an increase of about 3,000 tons over the previous year, but the value of these sales dropped by Rs.3 million to Rs.147 million. Canada was India's third best cashew customer, after the United States and the United Kingdom, and took over 1,300 tons valued at more than Rs.6.1 million—Bombay.

Chemicals

UNITED STATES—The $12 million H. K. Porter Co., Inc., seawater magnesia and basic refractories plant on Mississippi's Gulf Coast, is scheduled to go into production later this year. The Pascagoula plant, using magnesia produced in the seawater plant, will turn out chrome-magnesite, magnesite-chrome, and periclase-type brick, in burned, unburned and steel-encased bodies.

In addition a line of chrome and periclase specialties will be turned out: chrome cements, chrome ores, chrome ore gunning mixes, plastic chrome ore, periclase bottom mixes and periclase cements—New Orleans.

Currants

GREECE—The 1958 currant crop has been estimated at 85,000 metric tons compared with nearly 80,000 tons in 1957. The security price to the growers has been fixed by the Government at eight drachmas per oke (approximately 9½ cents U.S. per lb.) for average quality. Export prices, not yet available for the new crop, are expected to be higher than last year's $14-$17.10 per cwt. F.O.B. Greece. Last season (Sept. 1-June 30) exports totalled approximately 60,000 tons, of which the U.K. purchased over 43,000—Athens.

Fertilizers

BRAZIL—The Director of the Japanese Manufacturing Association is in Brazil to study the possibility of establishing a chemical fertilizer factory in Bahia. The factory is to be built in Aratú, 20 kilometres south of Salvador, at an estimated cost of US$13 million, of which the Japanese will contribute US$6 million. Initial capacity will be 120 tons of ammonia and 180 tons of calcium ammoniate a day. The principal Brazilian firm participating is Nitrogenio S.A.—Rio de Janeiro.

Figs

GREECE—The 1958 crop of exportable figs is expected to reach 13,000 metric tons. Exports last season (Sept. '57-June '58) totalled 12,289 tons. Canada purchased 220 kilos of figs and paste during that period. The main customers were West Germany, Austria, the United States and France. Export prices for string figs, 1958 crop, are set at US$152 per ton for 300-350 grams Piccolisimi and US$154 per ton for 180-200 grams Lilliput. Layer-fig prices are set at US$224 per ton for 120 cellophane packets of six ounces, with variations in price according to the number of packets and their weights—Athens.

Herring

ICELAND—The herring catch this year, at August 9, totalled 443,865 barrels compared with 573,408 for the same period in 1957. Of this total, 263,255 barrels were salted (124,814 in 1957), 168,985 barrels went to meal and oil factories (435,913), and 11,625 barrels were frozen (12,681). It is expected that the number of herring salted this season will exceed the amount for which export agreements have been made. These agreements cover about 385 thousand barrels and Iceland hopes to sell an additional 50,000

barrels to Russia, 10,000 to Poland and 5,000 to Sweden. During the first five months of this year, exports of salted herring totalled 3,091 tons (9,975 tons in 1957), frozen herring 2,794 tons (2,960), and herring oil 2,650 tons (2,787)—Oslo.

Matches

NORWAY—The Norwegian match industry is viewing the future with optimism following the removal of the surtax on matches on July 1 this year. Its abolition means a drop of some 50 per cent in the domestic price. The only Norwegian producer of matches is Bryn-Halden & Nitedals Taendstikfabrik A/S, which operates one plant in Oslo and one at Agnes on the Larviksfjord; the Oslo plant produces for the domestic market and the Agnes plant for export. Each plant has an output capacity of some 200 million boxes a year, and in 1957 the Agnes factory exported about 70 million boxes, worth Kr. 2 million. Most of the shipments went to Britain and West Africa. Norwegian matches are made from aspen and the firm has for many years worked to protect and improve this tree and has even set up a special fund for this purpose—Oslo.

Powdered Milk

COSTA RICA—Informed sources state that the National Bank of Costa Rica has decided to finance the construction and installation of a plant to make whole powdered milk. It will cost approximately two million colons (6.63 colons=one U.S. dollar) and will be operated by the Co-operative of Milk Producers. The new plant will mean a saving in foreign exchange spent on purchases of milk from abroad—Guatemala.

Printers' Ink

SINGAPORE—A new Can.$300,500 plant has been established in Singapore to manufacture various types of printing inks for the local market. Coates Brothers (Far East) Ltd., an overseas associate of Coates Brothers Limited, London, is the owner of the new factory. The firm will make only high-quality printing ink initially but hopes to expand into news ink in the near future—Singapore.

Rubber

BRAZIL—The rubber goods factories in São Paulo are again reported to be cutting back because of the shortage of raw rubber. During the coming months an increase in consumption of 25 per cent is expected, and factories have orders on hand for delivery up to February next year. In the tire section, stocks as of Sept. 5 were said to be sufficient to supply the whole country for only ten days; earlier in the year they were large enough for 81 days. To ease the situation, proposals have recently been made to import raw rubber from the Netherlands and Indonesia in exchange for shipments of coffee—São Paulo.

Titanium

SOUTH AFRICA—The new £1.5 million titanium plant built at Umgababa, Natal, by Umgababa Minerals Limited, an associate company of Anglo American Corporation of South Africa Limited, is expected to start production this month. A five-mile stretch of coast will be mined for the heavy minerals rutile, ilmenite and zircon, more familiarly known as titanium. At full capacity the plant could produce 10,000 tons of ilmenite and 7,000 tons of rutile a year. The plant and machinery for this factory were manufactured partly in the United States and partly in the Union—Johannesburg.

Trucks

SWEDEN—The Swedish truck manufacturer Scania Vabis expects to finish building a factory in Brazil toward the end of the year. Last year, Scania Vabis got permission from the Brazilian Government to set up a factory with a capacity of 2,500 trucks a year. The Swedish factory will deliver trucks to be assembled in Brazil, excluding the parts, which will be manufactured there. The type of truck to be built is Scania Vabis' largest, with a capacity of eight to ten tons—Stockholm.

Uranium

AUSTRALIA—Australia will supply the United Kingdom Government with a substantial quantity of uranium oxide at a good commercial price. The contracts will provide for sales to a total value of over A£6 million. The Minister for National Development has stated that selling the oxide has been a valuable incentive to uranium production in Australia and has contributed to the growth of the Northern Territory—Sydney.

Whale Oil

NORWAY—The 68,000 tons of whale oil remaining from last season's production of 122 thousand tons have now been sold. The price was £67.10.0 a ton and the buyers were Unilever and the two Norwegian refineries of fat, De-No-Fa, Fredrikstad, and Sandar Fabrikker, Sandefjord. The 54,000 tons sold earlier fetched £77.10.0 a ton, so that the average price for last season works out at approximately £72 a ton compared with about £85 in the two previous years—Oslo.

Wine

CHILE—Chile has now begun to export wines to France. So far, 59.9 million litres valued at US$6.95 million have been shipped—Santiago.

PHARMACEUTICAL RAW MATERIALS

Markets in Europe III

AUSTRIA—*Extensive industry buys most of its raw materials from neighbouring European suppliers, and openings for Canadian producers are limited.*

R. K. THOMSON, *Commercial Secretary, Vienna.*

AUSTRIA has an extensive pharmaceutical industry whose total production in 1957 was valued at the equivalent of about $14 million. Although it is said that the industry's productive capacity is sufficient to cover all of Austria's needs, some 20 per cent is imported, almost exclusively from European sources. Austria herself exports certain pharmaceuticals. About 80 small firms make up the industry; most are independent, not subsidiaries of larger foreign enterprises.

Raw materials used by the pharmaceutical industry are both imported and made domestically. Medicinal roots, herbs and barks and raw materials of animal origin are imported to some extent. Pharmaceuticals made from synthetic chemicals are imported on a fairly wide scale in finished form. However, most of the synthetic chemicals required are understood to be available locally.

Raw Materials Imports

No clear picture of the raw material requirements of the industry can be given because few statistics are collected in this field. Raw materials of vegetable origin for pharmaceutical use to the value of slightly less than half a million dollars were imported in 1957, mainly from neighbouring countries; none were bought from North America. Information on raw material imports of animal origin is lacking; however, such products for the pharmaceutical industry come almost exclusively from nearby countries: ACTH from Switzerland; liver extracts from West Germany, Denmark and the Netherlands; pepsin from West Germany and Denmark, and bile acids from West Germany. Hormone imports originate in West Germany, Switzerland and the Netherlands and insulin in Denmark. Vitamins such as B2 and B3 are supplied by the Netherlands, Switzerland and West Germany.

There are no health regulations covering the import of pharmaceutical raw materials, except that those used in the production of habit-forming drugs are rigidly controlled. However, no manufactured pharmaceutical product may be marketed in Austria until it has been tested and approved in government laboratories.

Most pharmaceutical raw materials are liberalized and may be imported freely from all countries. For non-liberalized raw materials, the importer must apply for a special import licence. There are no customs duties on most raw material imports, and on dutiable ones the charge is low. Canadian products are among those enjoying most-favoured-nation tariff treatment in Austria.

Opportunities for Canadians Slight

Opportunities in Austria for Canadian exporters of pharmaceutical raw materials would appear to be limited because of the strong position of German producers and those of other neighbouring countries. To do business here the Canadian producer must appoint capable agents and his prices must be competitive. The Austrian industry will probably not expand to the extent that additional imports from abroad will be needed. This means that, if Canadian pharmaceutical raw materials are to be sold in Austria, they must compete with and replace products already being supplied from nearby European sources. ●

ITALY—*Industry depends on foreign supplies of certain base products and imports them chiefly from the United States and Switzerland. Recent easing of import controls on dollar goods should permit Canadian raw material producers to compete with top European suppliers.*

J. G. IRELAND,
Assistant Commercial Secretary, Rome.

THE Italian pharmaceutical industry, though it is comparatively young, has made important gains since 1945. Emerging from the war almost completely disrupted, it now comprises over 1,000 firms, large and small, employing more than 65,000 workers. Included are

Italian subsidiaries of several international groups such as Squibb, Pfizer, Lepetit, Ciba, Lederle, Abbott, Wyeth, Ayerst, Bayer and Burroughs-Wellcome. Invested capital is estimated at over $235 million and the sales volume at about $202 million a year. In 1956, Italy made an estimated 5 per cent of the world's pharmaceuticals and ranked third in Western Europe, after the United Kingdom and France.

Exports, Imports Rise

In general, the Italian pharmaceutical industry is enjoying great activity, with technological improvements and rapid increases in production and productivity. In recent years it has concentrated on increasing the output and variety of the basic raw materials needed for pharmaceutical preparations; at the same time, exports of raw materials and finished preparations have climbed steadily. However, Italy continues to depend on foreign supplies in certain sectors and latterly imports have been increasing faster than exports. During the three years from 1954 to 1956, total Italian imports of all pharmaceutical products rose from about $20.5 million to $31.6 million; exports rose from about $17.4 to $18.6 million and went mainly to underdeveloped countries. In 1956, she sold substantial quantities to India, Egypt, and Turkey and also to other countries in the Middle East, the Western Hemisphere and Asia.

What Italy Sells

Unfortunately, statistics on domestic production or consumption are not obtainable, either for finished preparations or for the base materials which go into them. The following information has therefore been deduced largely from export-import statistics.

Italy exports substantially more than she imports of the following base pharmaceuticals; sodium carbonate, sodium bicarbonate, tartaric acid, citric acid, pepsin, penicillin, streptomycin, serums, vaccines and other cultured bacteria in general, phenacetin, vitamin C and certain sulpha drugs. She is also a major producer of folic acid, p-amino salicylic acid and hydrazides of isonicotinic acid. Important quantities of these base materials are also turned out: certain types of glucose and dextrose, chloramphenicol, tetracycline hydrochloride, vulcamycin and vitamin B12 (quantity production of very recent date). Although details are not available, it is reported that recent developments point toward future increases in the production and variety of both naturally-occurring and synthetic vitamins and hormones.

Base Materials Needed

Most of the base materials needed are imported from the United States and EPU countries. In 1956, the United States supplied about 30 per cent of total imports and Switzerland slightly less; most of the remainder came from West Germany, the United Kingdom, the Netherlands and Belgium. The most important products in this category are extracts of plant and animal tissues, certain vitamins and hormones, and a few other products which are either not yet manufactured here or not in sufficient volume for domestic needs. The accompanying table shows imports for the past two years of raw materials covered by official Italian import statistics.

Medicinal roots have been excluded from the table because there are no Italian figures available. DBS statistics show that Canada is a regular supplier of senega root, with shipments valued at $14,900 in 1956 and $25,620 in 1957. The trade reports that cascara sagrada bark, golden seal root and hellebore root are imported and that these imports probably come largely from the United States and Canada. Some cascara sagrada bark is obtainable in Italy but not enough to meet the industry's needs.

Licence Requirements Lifted

Purchases from the dollar area of most base materials require import licences. Italian importers normally find it easiest to get import licences for products that cannot be readily obtained from non-dollar countries. In recent years, a few chemical products have been liberalized; this means that import controls have been abolished and that licences are not required for shipments from the dollar area. Thus, Canadian exporters are free to compete with other suppliers. Of the products listed in the table, the following have been liberalized (effective temporary rates of duty on shipments from Canada are shown, all rates ad valorem): extracts of animal glands and other organs 12 per cent; heparin and heparin sodium 16 per cent; insulin 8 per cent; vitamin E (tocopherol) 9 per cent; cortisone and hydrocortisone 9 per cent; magnesium sulphate 16 per cent; natural vaselines 14 per cent, and vitamins B1, B2 and B12, 9 per cent. Also on the list are medicinal roots and most plants, seeds and fruits used in making medicines, perfumes and insecticides. Most of these commodities normally enter Italy from Canada at rates of duty ranging from 4 to 12 per cent, though certain species not grown in Italy enter duty-free. Certain agricultural products must conform to qualitative regulations for the control of insects and disease.

Some Government Controls

All packaged-for-use medicinal specialties must be registered with the Italian Government before import, and normally products considered harmful or similar to preparations already on the market cannot be registered. Although hundreds of non-Italian preparations are registered, this major obstacle confronts all foreign and Italian firms wishing to introduce new specialties. The Italian Government also fixes prices of certain chemical raw materials and finished products considered vital

and not subject to market fluctuations. This group includes certain medicinal specialties.

Patent Protection Studied

Italy is one of the few countries in the world that does not provide patent protection for pharmaceutical products or processes. This lack often creates difficulties for foreign licensers or direct sellers, or for their Italian partners; there is always the possibility that some other organization may start making a similar product without the burden of research and development costs. It is said that the relatively large number of small Italian firms producing pharmaceuticals may be attributed at least partially to this absence of patent protection. A bill to make it possible to patent manufacturing processes is now being studied by the appropriate Italian Ministries and some action may be taken within the next two years.

What and How to Sell

Until further liberalization measures are taken by the Italian Government, the best opportunities for Canadian exporters of pharmaceutical raw materials lie with those materials which have already been liberalized. These include: senega root, golden seal root, hellebore root, and cascara sagrada bark; dried or powdered extract of animal glands and organs; heparin and heparin sodium; insulin; vitamins E, B1, B2, and B12; cortisone and hydrocortisone; magnesium sulphate and certain natural vaselines. However, it should be borne in mind that occasionally Italian importers are able to get an import licence to buy certain non-liberalized goods from dollar countries, particularly when these are relatively recent discoveries. Some of the more important non-liberalized pharmaceuticals for which import licences have recently been granted for dollar purchases are: certain types of glucose and dextrose; vitamins A, D and PP and possibly others, such as vitamin K; special types of white mineral oils and petroleum jellies; liquid liver extracts; thyroid protein, and gramicidin. This list is far from complete and it is important that Canadian exporters have good Italian agents or representatives who keep abreast of the market situation.

The office of the Commercial Counsellor in Rome will be pleased to provide further information for Canadian firms who wish to examine the possibilities for trading with Italy. They should write to the Commercial Counsellor, Canadian Embassy, Via G. B. De Rossi 27, Rome, Italy. ●

SPAIN—*Growing industry must import certain materials but lack of dollars makes prospects for Canadian exporters poor.*

M. T. STEWART, *Commercial Counsellor, Madrid.*

THE pharmaceutical industry in Spain is reported to consist of over 1,200 manufacturing firms which are able to produce almost the entire requirements of the market. Only very small quantities of finished and packaged products are imported. A large proportion of the manufacturers listed are, however, engaged in small mixing and packaging operations and are significant only because of their number. A comparatively small number of large manufacturing chemists dominate the field. A high percentage of foreign capital has been invested in this group and the firms depend to a considerable extent on the technical resources of the large international pharmaceutical companies. The leading pharmaceutical firms of Germany, Switzerland and other countries (e.g., Merck, Boehringer, Bayer, Sandoz, Geigy, Ciba, Roche, Leo, Schering) figure prominently in the Spanish market and a wide range of their products are manufactured locally under licence or in branch plants, and in close technical collaboration with the parent companies.

Spain, with a population of approximately 30 million, is an important market for pharmaceutical products and the local industry has moved a long way towards self-sufficiency in recent years. Production covers the entire drug field and includes hormones, vitamins, vaccines, serums and antibiotics. Whatever is not produced today may well be next year. Even in antibiotics, Spanish firms are making almost enough to meet the need. These drugs are made under licensing arrangements with the leading world producers, including two prominent United States firms. The development of the manufacturing industry is resulting in a growing market for special chemical ingredients and raw and semi-raw materials not available in Spain.

Domestic Manufacture and Imports

Medicinal roots, herbs and barks—There is practically no local production. These ingredients are imported mainly from France, the United Kingdom, Germany and the Netherlands. When exchange conditions permit (which is seldom) small quantities are imported direct from the countries of origin, which might be the United States and Canada. However, there is always great difficulty in obtaining import licences for these materials.

Products of animal origin—Output of liver extracts in general is almost enough to meet domestic consumption. However, occasional imports of certain liver extracts, chiefly from Argentina and France, have to be made because Spanish slaughterhouses are not adequately equipped to process the raw materials properly and in

sufficient quantities. Production of cholic acid and dihydrocholesterol does not cover the demand.

Pepsins in low concentrations are made in limited quantities; imports come normally from Holland and Denmark. The type imported is Pepsin T-3000; one metric ton was brought in last year.

Hormones are also imported, mainly from France, Germany and Holland, but only small shipments were received in 1957. The following figures give an idea of Spain's small imports of products in this group:

	kilos
Cortisone acetate	5
DOCA	5
Hydrocortisone, basic	5
Hydrocortisone, acetate	10
Methyltestosterone	25
Progesterone	25
Testosterone propionate	5

Sterols, apart from a small production of cholesterol, are imported through trade agreements with European countries, whenever it is possible to do so.

Vitamins A and D2 are the principal types produced in Spain; other vitamins are imported largely from Germany, Switzerland, the United Kingdom and France.

Synthetic chemicals—The bulk of the synthetic chemicals Spain uses are bought abroad, mainly from France, the United Kingdom, Germany, Italy, Switzerland, the Netherlands and Denmark. For example, only about half the quantity of acetylsalicylic acid needed is produced locally. Spain does make salicylic acid, tartaric acid, bismuth salts, salts of mercury, acetanilide, borax and boric acid, iodines, silver salt, caffeine and theobromine. Most of these are based on imported raw materials.

Import Regulations

Imports into Spain of pharmaceutical raw materials and all other products are subject to import licences which may be granted by the Ministry of Commerce when exchange conditions permit. There are, however, very detailed regulations covering the manufacture, printed formulae, and the retail sale of packaged drug products. Canadian materials enjoy the same customs treatment as the European countries that supply these materials to Spain. Because dollars are always scarce, about the only way that Canadian firms can sell pharmaceutical raw materials to Spain is through subsidiary connections established in the European countries with which Spain has bilateral trade agreements. This involves selling to Spain in currencies other than dollars.

There is no doubt that the growth of the Spanish chemical industry will have a favourable effect on the long-term market for foreign materials. The requirements of the industry are greatly beyond the available foreign exchange and the manufacturers have to fight a continuous battle to keep their plants going and to produce a product similar to that made and sold by the parent company. The future for Canadian exports in this field, although not hopeless, certainly is not attractive under existing conditions. •

SWITZERLAND—*Third largest in the world, the Swiss pharmaceutical industry must import most of its raw materials; imports are unrestricted and customs duties low.*

N. W. BOYD, *Commercial Secretary, Berne.*

SWITZERLAND ranks third among world traders in drugs and pharmaceutical products and this alone illustrates the important part this branch of the chemical industry plays in the Swiss economy. Over 100 firms with a labour force of 9,500 are engaged in making pharmaceutical products, drugs and perfumes. Four firms with headquarters in Basel account for the major part of total production and exports. Their manufacturing operations are not restricted to Switzerland: they have independent or joint manufacturing subsidiaries throughout the world.

Traditionally each of the four giants has concentrated its research and production in different fields. One company specializes in preparations for the treatment of ailments of the heart, blood vessels and circulatory system. Another firm concentrates on preparations for bacterial infections, rheumatism, and arthritis. The third specializes in vitamin preparations, and the fourth in remedies for cardiac and circulatory disorders and for derangements of the nervous system. In 1957 one of these firms spent $8 million on pharmaceutical research, approximately 7 per cent of sales.

Raw Materials Imported

With the exception of synthetic chemicals, Switzerland must import virtually all the raw materials needed for pharmaceutical preparations. Purchases are made either by Swiss importers of pharmaceutical raw materials or by the final users. Western European countries are by far the main suppliers of medicinal roots, herbs and barks, and of products of animal origin. Generally speaking, imports from overseas countries do not exceed 3 per cent of total purchases. The one exception seems to be the composite item of plant juices of which imports from overseas, particularly from the United States, make up 25 per cent of Swiss requirements. Currently Canada is not an important supplier of raw materials to the Swiss industry.

In the field of organic and inorganic synthetic chemicals, imports are of secondary importance; the bulk of requirements are produced in Switzerland. Once

again, imports come mainly from Western European countries.

No Import Restrictions

Between 80 and 90 per cent of Swiss production of pharmaceutical preparations is marketed abroad. The industry depends on foreign markets for the finished products and to a large extent on foreign sources of supply for the raw materials. Consequently, Swiss customs duties on pharmaceutical raw materials are generally low and are likely to remain so. Canada exchanges most-favoured-nation tariff treatment with Switzerland. There are no restrictions on imports other than those resulting from international agreements on the traffic in drugs.

It is evident that the Swiss pharmaceutical industry, because of its established position in world trade, will continue to depend on large-scale imports of medicinal plants and products of animal origin. The Commercial Section of the Canadian Embassy in Berne will be pleased to hear from Canadian exporters of pharmaceutical raw materials who would like to enter this market. •

WEST GERMANY—*This rapidly growing market presents new opportunities to Canadian suppliers of raw materials.*

S. G. BARKLEY, *Commercial Secretary, Bonn.*

THE West German market for pharmaceutical raw materials has grown rapidly during the last decade, largely because of the remarkable expansion in the manufacture of finished pharmaceutical products which has occurred since 1950. Domestic pharmaceutical output climbed nearly 200 per cent from the 536 million DM worth produced in 1950 to the 1.6 billion DM worth made last year. This rapid growth reflects a rising standard of living within Germany, as well as a continuing world-wide demand for German drugs, which have a reputation for reliability and effectiveness. West Germany now ranks fourth, behind the United States, the United Kingdom and Switzerland, as a world exporter of pharmaceuticals. German sales abroad reached 431 million DM in 1957, some 380 per cent above the 90 million DM worth shipped abroad in 1950.

Raw Material Imports Rise

Pharmaceutical imports into West Germany reached a value of 120 million DM, or $28.5 million, in 1957. This was nearly five times the 27 million DM worth imported in 1950. The chief foreign suppliers are Switzerland and the United States. The following table provides details on the types of raw materials needed by the German domestic industry.

This extensive laboratory is part of a German plant producing fine chemicals. Output of pharmaceutical products in West Germany has gone up 200 per cent in the past eight years.

PRINCIPAL WEST GERMAN IMPORTS OF PHARMACEUTICAL RAW MATERIALS

	1957	1956	1955
	millions of DM		
Plants, trees, bushes, shrubs, of a kind used in perfumery, pharmacy, insecticides, fungicides or similar purposes	19.4	17.1	17.4
Vitamins, in bulk	20.1	16.7	12.9
Hormones, in bulk	17.4	14.6	4.6
Enzymes, in bulk	.5	.3	.4
Biological amino acids, derivatives, salts, and amides, in bulk	11.7	7.4	2.6
Antibiotics, in bulk	18.8	9.1	10.5
Glands and other organs for therapeutic use	1.9	1.1	1.1
Raw animal substances suitable for medical purposes or aromatics	1.3	1.6	1.4
Cod liver oil	1.0	3.5	.8

Crude botanicals formed an important group in the Federal Republic's imports of raw materials in 1957.

They came from some 60 foreign countries, including Yugoslavia, Bulgaria, the Belgian Congo, Australia, the United States and Indonesia. The German industry bought such products as senega, hydrastis, hellebore and ginseng roots; spruce, cedar leaf and medicinal flaxseed oils; and cascara bark, Canada fir balsam, fir needle, beaver castoreum, flaxseed, and lycopodium powder, all in comparatively small volume. Import agents, located chiefly in Hamburg, distribute the crude drugs to the German pharmaceutical trade.

CANADIAN EXPORTS OF PHARMACEUTICAL RAW MATERIALS TO WEST GERMANY

	1957	1956	1955
Medicinal roots, herbs, barks	$16,867	$ 871	$ 126
Animal products for medicines	369	736	260
Senega root	25,201	20,407	10,219
Medicinal preparations	37,663	13,163	17,310
Balsam	13,919	13,285	14,930
Halibut liver oil, pharmaceutical	9,640		13,881
Fish liver oil, n.o.p., pharmaceutical use	9,640		

PRINCIPAL U.S. EXPORTS OF PHARMACEUTICAL RAW MATERIALS TO WEST GERMANY*

	1957	1956	1955
Bulk medicinal vitamins A & D	$ 44,463	$113,921	$356,373
Bulk vitamin B complex medicinal, excluding B_1 and B_{12}	192,994	293,243	183,303
Bulk NEC vitamins, medicinal	39,038	22,145	12,907
Enzymes, culture media and ferments, all forms	36,500	14,198	32,270
Cortisone & ACTH, all forms and preparations	902,411	839,114	321,445
Glandular products natural or synthetic, NEC	641,633	47,827	53,184
Bulk organic medicinal chemicals, NEC	303,564	243,332	101,099
Veterinary medicinals and preparations NEC	304,490	112,197	60,047
Disinfectants, etc., household and industrial	139,038	184,552	30,872
Cascara bark	7,375	5,477	2,180
Crude drugs, herbs, leaves, and roots, NEC	65,931	63,395	107,339

*Source: U.S. Department of Commerce.

Synthetic vitamins, supplied mainly by Switzerland and the United States, were another item which bulked large in import statistics in 1957. Germany has established a growing vitamin industry, producing vitamins A, B1, B2, B6, C1, D2, D3, and E. The domestic industry found it necessary during the past year to supplement the local output of hormones and special types of bulk antibiotics with imports from the United States, the Netherlands, France and the United Kingdom.

During 1957 Canada shared in the West German market with shipments of medicinal roots, herbs, barks, senega root, balsam, halibut, fish liver oils, animal products and medicinal preparations, as the table in the left column shows.

The German demand for raw materials will likely continue, as the domestic pharmaceutical industry increases its output and exports. American exports of pharmaceutical raw materials to West Germany indicate a potential outlet for Canadian quality products provided that quotations are competitive.

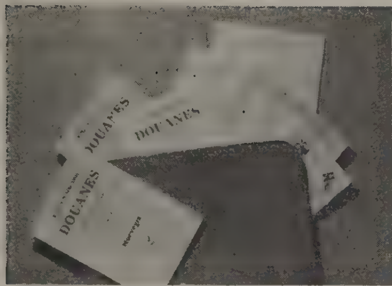
An Open Market

West Germany offers Canadian exporters an open market for pharmaceutical raw materials which are required for processing into drug products. Many of these basic items enter Germany duty-free and others have an import duty of from 3 to 16 per cent, with an additional sales tax of 4 per cent on the duty-paid value. At present there are no health regulations controlling the import of these products and only the customer must be satisfied. Canada exchanges most-favoured-nation tariff treatment with West Germany. Canadian suppliers ought to take a second look at this growing market for pharmaceutical raw materials. The opportunities are there.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Cuba, Denmark, Dominican Republic, East Africa, Egypt, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Indonesia, Israel, Italy, Mauritius, Mexico, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Europe and Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.



Trade and Tariff Regulations

Guatemala

NEW MARKING REQUIREMENTS—Effective September 4, 1958, all imports into Guatemala must be clearly marked to indicate their place of origin. When the nature of the article does not permit this, the mark of origin must be stamped on the strappings or the interior containers.

Any violation of this requirement will entitle the Guatemalan Customs to impose a fine amounting to 100 per cent of the customs charges applicable to such imports.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF —The South African Board of Trade and Industries has received the following representations respecting the tariff:

Increase in duty on:

1. Light quick-coupling pipes or tubes and fittings, made from alloy steel or alloy aluminum, to 20 per cent ad valorem.

2. Roofing felt and dampcourse, from free of duty to 1d. per lb.

3. Softwood timber—

(i) of an F.O.B. value of more than 4s.9d. per cu. ft., but not exceeding 5s.3d. per cu. ft.—12½ per cent ad valorem or 6d. per cu. ft., whichever is the greater;

(ii) of an F.O.B. value of more than 4s.4d. per cu. ft., but not exceeding 4s.9d. per cu. ft.—25 per cent ad valorem or 1s. per cu. ft., whichever is the greater; and

(iii) of an F.O.B. value not exceeding 4s.4d. per cu. ft.—33⅓ per cent ad valorem or 1s.6d. per cu. ft., whichever is the greater.

4. Locks and latches and lockhandles imported in finished form for sale (excluding padlocks) from 10 per cent ad valorem (intermediate rate) and 15 per cent ad valorem (maximum rate) to, respectively, 20 per cent and 30 per cent ad valorem with alternative minimum specific rates of respectively 2s. and 3s. each in the case of night latches and two lever mortice locks and lock sets.

5. Painted, surface-coated or proofed canvas piecegoods, tarpaulins, tents and other canvas manufactures, not elsewhere enumerated in the tariff, from various rates of duty to 30 per cent ad valorem.

6. Perchloride of iron (ferric chloride) from free of duty to 25 per cent ad valorem or £13.10s. per ton, whichever is the greater.

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

United Arab Republic

TARIFF RELATIONS BETWEEN EGYPT AND SYRIA—As from February 22, 1958, Egypt and Syria ceased to exist as sovereign states and the United Arab Republic came formally into being with the union of the former republics of Egypt and Syria. The trade and tariff relations between the two provinces of the new United Arab Republic have now been formalized as follows.

Law No. 131, dated August 31, 1958, announces certain customs exemptions between the provinces of Egypt and Syria. According to the law, the resources of cattle, agricultural products, natural wealth and industrial products, originating in either the northern or southern province, are exempt from the customs duty normally levied on imports into each of the two provinces. By agreement between the Ministries of Economy and Commerce of the two provinces, certain articles and products are excluded from this general exemption and subject to a percentage of the customs duty at present in effect.

An exchange of notes dated September 2, 1958, provided for exemption from customs duty up to 50 per cent on the following products: cotton yarn of all kinds below No. 40, all kinds of cotton fabrics, artificial silk yarn, natural silk fabrics of all kinds, glassware, tanned hides, footwear, and liquid gas. It also provides for payment of the normal rates of duty on tobacco and manufactures, salt and sugar. The extent of the exemption and duty applicable on the above-noted products imported into the province of Syria from Egypt is set out in an annexed schedule.

All merchandise exempted from duty under the law must be accompanied by a certificate of origin issued by a competent authority in each of the two provinces. Manufactured products are not considered of Syrian or Egyptian origin unless the raw Arab material and local labour amounts to a minimum of 25 per cent of the cost of the total production.

Payments between the two provinces are regulated by an agreement of the respective Ministries of Economy and Commerce.

Further details may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

United Kingdom

CUSTOMS TREATMENT OF DRESSED FURS—Since August 1957, the United Kingdom has permitted imports of furskins, dressed (including dressed-and-dyed), under what is known as World Open General Licence. The effect is that there are no import licensing formalities, and any United Kingdom trader may import without limit as to quantity or value from any country of his choice.

Canadian exports to the United Kingdom of dressed furs, which traditionally have been minor compared with the trade in raw furs, were severely restricted during and since the war. Since it seemed that the removal of the licensing restrictions might provide an opportunity for increasing sales of dressed skins, H.M. Customs were asked for confirmation of a prewar ruling that such skins would qualify for Imperial Preference (i.e., exemption from the normal import duty of 15 per cent ad valorem) on the basis of a 25 per cent "Empire content" in their factory cost.

The reply of H.M. Customs is that "raw skins which are fully dressed in Canada and consigned therefrom to the United Kingdom are eligible for admission under preference if each consignment is accompanied by a Certificate of Origin E Form 120 (Sale) given by the Canadian dresser of the skins and each dressed skin attains the requisite 25 per cent 'Empire content'. This position obtains whether or not the skins are also dyed in Canada."

The Empire content would of course be substantially higher than 25 per cent (and calculations obviated) in any case where the trader can prove by documentary evidence that each of the dressed skins being shipped to the United Kingdom was of Canadian or Empire origin at the raw stage. In these circumstances, the dresser should add a declaration across the face of his certificate of origin to the effect that documentary evidence in his possession proves that each skin covered by his certificate of origin has been taken in Canada (or other named Empire country) from an animal trapped or bred in Canada (or other named Empire country). Such a declaration implies that the skins in question will have been kept segregated at all times from skins of non-Empire or unascertainable origin.

Where the raw skins originate outside Canada or the Empire or where it is not possible to furnish evidence of their Canadian or Empire origin, a claim to Imperial Preference would have to be based on proof that the cost of processing in Canada represented at least 25 per cent of the factory cost of each dressed skin. In this calculation, total factory cost, and the Empire content in that cost, must be computed according to official instructions and the dresser should furnish a detailed cost analysis in accordance with Appendix V of Customs Notice No. 27A in support of the percentage shown on his certificate.

Customs Notice No. 27A, which contains the text of Certificate of Origin E Form 120 (Sale) and instructions for calculation of Empire content and for preparation of cost analyses, is available on request from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

United States

PUBLIC LAWS ENACTED—

P.L. 85-673, effective September 17, 1958, amends section 313(b) of the United States Tariff Act to permit substitution for drawback purposes in the case of all classes of merchandise, rather than just some classes as formerly. The revised section reads:

"If imported duty-paid merchandise and duty-free or domestic merchandise of the same kind and quality are used in the manufacture or production of articles within a period not to exceed three years from the receipt of such imported merchandise by the manufacturer or producer of such articles, there shall be allowed upon the exportation of any such articles, notwithstanding the fact that none of the imported merchandise may actually have been used in the manufacture or production of the exported articles, an amount of drawback equal to that which would have been allowable had the merchandise used therein been imported; but the total amount of drawback allowed upon the exportation of such articles, together with the total amount of drawback allowed in respect of such imported merchandise under any other provision of law, shall not exceed 99 per centum of the duty paid on such imported merchandise."

P.L. 85-696, effective August 20, 1958, makes paint roller handles wholly or in chief value of wood dutiable at the same rate applicable to paint brush handles wholly or in chief value of wood. Formerly, these handles were dutiable at 16⅔ per cent ad valorem, as manufactures of wood not specially provided for in the tariff. Now they will be dutiable as paint-brush handles wholly or in chief value of wood, which are currently dutiable at 8½ per cent ad valorem.

foreign trade service abroad

* No Foreign Trade Officer at this post. Bentley's Second Phrase Code is used by Canadian Trade Commissioners

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor G. E. Blackstock Assistant Commercial Secretary	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	J. C. Britton Commercial Counsellor for Canada H. S. Hay Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street SYDNEY	*Mail:* *P.O.* Box 3952 G.P.O. *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada	83 William Street MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
Austria Czechoslovakia, Hungary	R. K. Thomson Commercial Secretary for Canada	Opernringhof Opernring 1 VIENNA 1	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 57-25-97
Belgian Congo Angola, French Equatorial Africa	K. Nyenhuis Canadian Government Trade Commissioner	Forescom Building LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Tel.:* 2706
Belgium Luxembourg	L. H. Ausman Commercial Counsellor Commercial Secretary J. R. Roy Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 13.38.50
Brazil	V. L. Chapin Commercial Counsellor C. M. Kerr Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	C. E. Butterworth Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
Ceylon	W. R. Van Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Tel.:* 91341
Chile	H. M. Maddick Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	P. A. Savard Commercial Secretary and Consul N. L. Currie Assistant Commercial Secretary	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Tel.:* 30-065
Cuba	R. R. Parlour Commercial Secretary	Canadian Embassy Edificio Ambar Motors Avenida Menocal 16 HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* UO-9457
Denmark Greenland, Poland	C. F. Wilson Commercial Counsellor	Canadian Embassy 4 Trondhjems Plads COPENHAGEN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Tria 1602

Territory	Officer	City Address	Mail and Cables, Office Telephone
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor J. J. B. Mountain Assistant Commercial Secretary (Fisheries)	Canadian Embassy Edificio Copello 408 Calle El Conde CIUDAD TRUJILLO	*Mail:* Apartado 451 *Cable:* CANADIAN *Tel.:* 8138
France Algeria, French West Africa, Morocco, Tangier, Tunisia	R. Campbell Smith Commercial Counsellor J. H. Bailey Commercial Secretary	Canadian Embassy, 35 Avenue Montaigne, PARIS 8e	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor W. J. O'Connor Assistant Commercial Secretary (Agriculture) G. F. Mintenko Assistant Commercial Secretary	Canadian Embassy 22 Zitelmannstrasse BONN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Bonn 21971
Germany	E. H. Maguire (absent) Consul J. M. T. Thomas Acting Consul	Canadian Consulate 69 Ferdinandstrasse HAMBURG	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 326149
Ghana Gambia, Nigeria, Sierra Leone	M. B. Bursey Commercial Counsellor	Office of the High Commissioner for Canada E 115/3 Independence Ave. ACCRA	*Mail:* P.O. Box 1639 *Cable:* CANADIAN *Tel.:* 4824
Greece Israel, Turkey	Commercial Counsellor L. D. R. Dyke Acting Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. ATHENS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. W. Richardson Canadian Government Trade Commissioner R. M. Dawson Assistant Trade Commissioner	5 Avenida 10-68, Zone I GUATEMALA CITY, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* CANADIAN *Tel.:* 5590
***Haiti**	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau PORT AU PRINCE	*Mail:* P.O. Box 826
Hong Kong Cambodia, China, Laos, Vietnam, Macao	C. J. Small (acting) C. M. Forsyth-Smith (absent) Canadian Government Trade Commissioner W. M. Miner Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. HONG KONG	*Mail:* P.O. Box 126 *Cable:* CANADIAN *Tel.:* 28336
India	B. A. Macdonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Office of the High Commissioner for Canada 4 Aurangzeb Road NEW DELHI 1	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 40191
India Calcutta, Madras, Goa	Canadian Government Trade Commissioner W. J. Collett Acting Trade Commissioner	Gresham Assurance House Mint Road BOMBAY	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Tel.:* 255154
Indonesia	M. B. Blackwood Commercial Secretary	Canadian Embassy Djl. Budi Kemuliaan No. 6 DJAKARTA	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Gambir 1313
Ireland	H. A. Gilbert Commercial Counsellor for Canada	66 Upper O'Connell St. DUBLIN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 44251

Territory	Officer	City Address	Mail and Cables, Office Telephone
Italy Libya, Malta, Yugoslavia	S. G. MacDonald Commercial Counsellor K. F. Osmond Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 861-951
Japan South Korea	J. L. Mutter, Commercial Counsellor W. G. Pybus Commercial Secretary R. G. Woolham Assistant Commercial Secretary	Canadian Embassy TOKYO	*Mail:* Canadian Embassy *Cable:* CANADIAN *Tel.:* 48-4116
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	C. J. Van Tighem Commercial Counsellor D. B. Laughton Commercial Secretary A. A. Lomas Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D. F.	*Mail:* Apartado 25364 *Cable:* CANADIAN *Tel.:* 25-15-60
Netherlands	B. C. Butler Commercial Counsellor W. R. Hickman Commercial Secretary B. Horth Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 61-41-11
New Zealand Fiji, French Oceania, Western Samoa	J. MacNaught Acting Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg. WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	J. C. Depocas Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 OSLO	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan, Iran	H. J. Horne Commercial Secretary J. D. Blackwood Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Rd. KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 50322
Peru Bolivia	D. H. Cheney Commercial Secretary Assistant Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin, LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines Taiwan	H. L. E. Priestman Consul General and Trade Commissioner R. H. Gayner, Vice Consul and Assistant Trade Commissioner	Canadian Consulate General Ayala Building Juan Luna Street MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	Richard Grew Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	Offices 110-113 Central Africa House Corner First St./Gordon Ave. SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571

Territory	Officer	City Address	Mail and Cables, Office Telephone
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson Canadian Government Trade Commissioner B. C. Steers Assistant Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 74260
South Africa (Natal, Transvaal, Orange Free State), Madagascar, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner I. V. Macdonald Assistant Trade Commissioner	Mutual Building Harrison Street JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANTRACOM *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel.* 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio España Avenida de Jose Antonio 88, MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet Commercial Counsellor	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland	B. I. Rankin Commercial Counsellor N. W. Boyd Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
United Arab Republic Egyptian Region Aden, Sudan, Cyprus, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Secretary	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110
United Kingdom	Minister (Commercial) G. H. Rochester Commercial Counsellor (Timber) D. A. B. Marshall Agricultural Counsellor W. Gibson-Smith Commercial Secretary S. G. Tregaskes Commercial Secretary	Office of the High Commissioner for Canada Canada House Trafalgar Square LONDON, S.W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Whitehall 8701 *Cable:* TIMCOM
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Northern Ireland)	H. A. Gilbert Canadian Government Trade Commissioner	36 Victoria Square BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	Dr. W. C. Hopper Minister (Commercial) Wm. Jones Commercial Secretary W. A. Stewart Assistant Commercial Secretary G. P. Morin Assistant Commercial Secretary	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda, Liberia	S. V. Allen Deputy Consul General (Commercial) Consul and Trade Commissioner	Canadian Consulate General 680 Fifth Ave NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400

Territory	Officer	City Address	Mail and Cables, Office Telephone
United States—*con.*	H. E. Lemieux Consul and Trade Commissioner		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	F. B. Clark Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street BOSTON 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	R. F. Renwick Consul and Trade Commissioner G. F. J. Osbaldeston Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner J. R. Midwinter Vice Consul and Assistant Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	T. M. Burns Consul and Trade Commissioner	Canadian Consulate General 510 West Sixth Street LOS ANGELES 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* JAckson 5-2136
*United States California, (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
*United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	C. B. Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	R. E. Gravel Commercial Counsellor W. G. Brett Assistant Commercial Secretary R. D. Sirrs Assistant Commercial Secretary	Canadian Embassy Edificio Pan American Avenida Urdaneta Puente Urapal, Candelaria CARACAS	*Mail:* Apartado 9277 *Cable:* CANADIAN *Tel.:* 54.34.32
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam Guadeloupe, Martinique	R. G. C. Smith Commissioner for Canada P. T. Eastham Assistant Commercial Secretary	Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell (absent) Canadian Government Trade Commissioner M. S. Strong Acting Trade Commissioner	Barclays Bank Building King Street KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02960.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent October 10	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Official	.05396	18.53	(1)
		Free	.01687	59.27	
Austria	Schilling		.03736	26.77	
Australia	Pound		2.1815	.4584	
Bahamas	Pound		2.7269	.3667	
Belgium, Belgian Empire and Luxembourg	Franc		.01949	51.31	
Bermuda	Pound		2.7269	.3667	
Bolivia	Boliviano	Free			
British Guiana	Dollar		.5681	1.76	
British Honduras	Dollar		.6815	1.47	
Brazil	Cruzeiro	General Category*	.005110	195.69	*Sept. 30 (2)
		Special Category	.002593	384.88	(3)
		Official buying	.05160	19.38	
Burma	Kyat		.2040	4.90	
Ceylon	Rupee		.2045	4.89	
Chile	Peso	Free	.001250	800.00	(4)
Colombia	Peso	Certificate	.1523	6.56	
Costa Rica	Colon	Official	.1730	5.78	
		Controlled free	.1462	6.84	
Cuba	Peso		.9713	1.02955	tax 2%
Czechoslovakia	Koruna		.1349	7.41	
Denmark	Krone		.1406	7.11	
Dominican Republic	Peso		.9713	1.02935	
Ecuador	Sucre	Official	.06475	15.44	
		Free	.05717	17.49	
Egyptian Region, United Arab Rep.	Pound	Official	2.7890	.3585	
		Export acct. selling	2.2350	.4474	
El Salvador	Colon		.3885	2.57	
Fiji	Pound		2.4566	.4071	
Finland	Markka		.003035	329.49	
France, Monaco and North Africa	Franc		.002317	431.59	(5)
French colonies in Africa	Franc		.004634	215.79	(6)
French Pacific	Franc		.01274	78.49	(7)
Germany	D Mark		.2321	4.31	
Ghana	Pound		2.7269	.3667	
Greece	Drachma		.03237	30.89	
Guatemala	Quetzal		.9713	1.02935	
Haiti	Gourde		.1943	5.15	
Honduras	Lempira		.4856	2.06	
Hong Kong	Dollar	Free	.1667	5.9974	*Sept. 26
		Official	.1704	5.8685	
Iceland	Krona	Official	.05964	16.77	(8)
India	Rupee		.2045	4.89	
Indonesia	Rupiah	Effective buying	.03207	31.18	*Oct. 1 (8)
		Effective selling	.02566	38.97	
Iran	Rial	Certificate	.01282	78.00	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent October 10	Units per Canadian dollar	Notes (see below)
Iraq	Dinar		2.7195	.3677	
Ireland	Pound		2.7269	.3667	
Israel	Pound		.5396	1.85	
Italy	Lira		.001559	641.44	
Japan	Yen		.002698	370.64	
Lebanon	Pound	Free	.3066	3.26	
Mexico	Peso		.07770	12.87	
Netherlands	Florin		.2576	3.88	
Netherlands Antilles	Florin		.5191	1.93	
New Zealand	Pound		2.7269	.3667	
Nicaragua	Cordoba	Effective buying	.1471	6.80	
		Official selling	.1377	7.26	
Norway	Krone		.1360	7.35	
Pakistan	Rupee		.2045	4.89	
Panama	Balboa		.9713	1.62955	
Paraguay	Guarani	Official	.008874	112.69	
Peru	Sol	Certificate	.03968	25.20	
Philippines	Peso		.4856	2.06	
Portugal & Colonies	Escudo		.03390	29.50	(9)
Singapore and Malaya	Straits dollar		.3181	3.14	
Spain and Dependencies	Peseta	Controlled free	.02313	43.23	(8)
Sweden	Krona		.1877	5.33	
Switzerland	Franc		.2264	4.42	
Syrian Region United Arab Rep.	Pound	Free	.2717	3.68	
Thailand	Baht	Free	.04645	21.53	(8)
Turkey	Lira		.1079	9.27	
Union of South Africa	Pound		2.7269	.3667	
United Kingdom	Pound		2.726875	.366720	
United States	Dollar		.97125	1.02960	
Uruguay	Peso	Free	.1068	9.36	
		Basic buying	.6410	1.56	(8)
		Principal selling	.4630	2.16	
Venezuela	Bolivar		.2899	3.4495	
West Indies Fed.	Dollar		.5681	1.76	(10)
	Pound		2.7269	.3667	(11)
Yugoslavia	Dinar		.003237	308.93	(8)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Brazil: exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate plus a surcharge of 61.18 cruzeiros..
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
5. France: territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

Colombia Plans an Economic Program

Measures to check inflation and strengthen the economy, introduced in September, include continued import control and strict control of credit, but leave peso free to find its own level.

P. A. SAVARD, *Commercial Secretary, Bogotá.*

THE Colombian Government early in September placed before Congress its over-all economic and social program.

The measures to be taken are set out under four headings: economic and financial stability, exchange stability, social equilibrium, and economic development policy.

In its basic concepts, the program follows orthodox lines and its principal merit is that it presents a co-ordinated plan of action. Many of the policies laid down in the program are already in force.

The first and second parts of the program are perhaps of most interest to readers of *Foreign Trade* and some detailed comment on them may be useful.

Economic and Financial Stabilization

All possible effort is to be directed towards controlling inflation, much in evidence during the last eight to twelve months. One of the factors in the constantly increasing prices of domestic products has been the various forms of coffee subsidies. The Government now proposes to modify these drastically, if not to eliminate them entirely.

Currency in circulation is to be kept under much better control by bringing the financial operations of the Coffee Producers Federation and the National Coffee Fund under the supervision of the Central Bank, the Banco de la Republica.

The borrowing powers of the federal, provincial and municipal governments are to be limited and a new system of public accounts is to be established. It is further proposed that, in so far as federal expenditures are concerned, Congress shall authorize and vote these.

A special commission is to be set up to investigate the efficiency of government operations and make recommendations where necessary. This commission will also be called upon to decide whether or not certain semi-autonomous government corporations should be abolished or incorporated into one or another government department.

Finally, an attempt will be made to secure much greater co-operation between the Department of Finance and the Central Bank in order to avoid working at cross purposes.

All this has to do with domestic policy but any measures which tend to control inflation and strengthen the internal economy are bound to benefit Colombia's international trade and financial dealings.

Exchange and Import Control

Freedom from exchange control is to be maintained and no attempt will be made to establish a fixed rate. The Colombian peso will therefore continue to find its own level as it has for the last year and a half. Strict control of credit and continued import restrictions are to be expected.

There is some indication that eventually the "previous licence" list will be cut and will cover only industrial plant machinery. The majority of permitted imports will then be included in the free list. A new customs tariff with varying and substantially higher rates will be introduced. The prohibited list will be maintained and extended as local production increases and the present system of prior deposits will be continued.

The Government will also undertake a two-point plan of encouraging exports other than the traditional ones and making use of local production where possible instead of imported materials.

The above program obviously offers no easy solution and much of its success will depend on its acceptance by the various sectors of the Colombian economy and the co-operation of all interested parties. It is nevertheless a good blueprint for the tough job ahead and indicates clearly that the new Government is fully aware of the necessity for spartan measures to improve the economic health of the country. ●

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